

Computer Skills 2_{nd} year

E-commerce



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E-commerce:

E-commerce, also known as "online commerce," is the buying and selling of goods and services over the internet. E-commerce can be conducted via computers, tablets, smartphones, and other smart devices. Now, virtually every product and service imaginable is available through e-commerce.

E-commerce is the buying and selling of products and services over the internet, but it involves more than just a buyer and seller. It relies on a vast and often invisible infrastructure that ensures its continued operation.

E-commerce has helped businesses, especially those with limited reach such as small and local businesses, reach wider markets by providing cheaper and more efficient sales and distribution channels for their products or services.

While some businesses exist entirely online, others combine the real and virtual worlds. For example, Target (TGT) is one of many large retailers that have added an online store to their physical presence, allowing customers to buy everything from clothing and coffee makers to toothpaste and action figures without having to leave their homes.

On the other end of the spectrum, individual sellers are increasingly conducting online transactions through their personal websites. Digital marketplaces like eBay and Etsy serve as platforms that bring together multiple buyers and sellers to transact and conduct business.

History of E-Commerce

E-commerce actually dates back to the 1960s, when businesses used an electronic system called Electronic Data Interchange (EDI) to facilitate the transfer of documents. The first online sale didn't occur until 1994, involving the sale of a CD between two friends through an online retailer called NetMarket.

Advantages and Disadvantages of E-Commerce

Advantages

E-commerce offers a number of advantages to buyers and sellers, including:

- **Convenience:** E-commerce can operate 24 hours a day, 7 days a week. Consumers can shop at any time, and business owners can make sales even while they sleep.
- **Increased Variety:** Many online stores offer a wider range of products than can be found in brick-and-mortar stores. Many online-only stores offer consumers exclusive inventory not available elsewhere.

- **Potentially Lower Startup Costs:** E-commerce businesses may need a warehouse or manufacturing site, but they typically don't need a physical store. The cost of digital operations is often lower compared to rent, insurance, building maintenance, and property taxes.
- **International Sales:** As long as an e-commerce store can find a way to ship its products to customers, it can sell to anyone in the world without being limited by physical geography.

Disadvantages

There are also some disadvantages associated with e-commerce, including:

- **Limited Customer Service:** If you're shopping online for a computer, you can't simply ask an employee to show you the features of a particular model in person. Although some websites allow you to chat with a staff member via live chat, this is not common practice. While this hinders shoppers, it can save sellers money.
- **Lack of immediate satisfaction:** When you buy an item online, you must wait for it to be shipped to your home or office.
- **Inability to touch products:** Online images don't always tell the whole story, and e-commerce purchases can be disappointing when products don't live up to buyer expectations. For example, a garment's fabric may be of lower quality than the online image suggests.
- **Reliance on technology:** If the website goes down or is forced to temporarily shut down for any reason, business is considered halted until things return to normal.
- **Greater competition:** While the lower cost of starting an e-commerce business may be an advantage, it also means competitors can enter the market with equal ease.

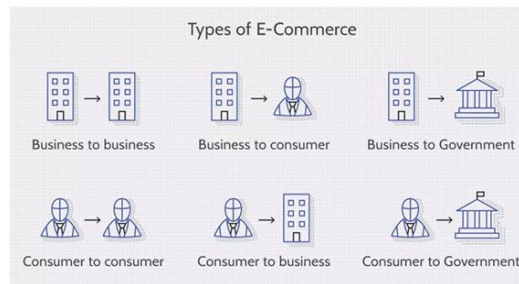
Types of E-Commerce

E-commerce companies can operate using several different business models:

1. **Business-to-Consumer (B2C):** B2C e-commerce companies sell products directly to the end user rather than distributing goods through an intermediary such as another retailer.
2. **Business-to-Business (B2B):** Similar to the B2C model, an e-commerce company can sell goods to another business.
3. **Business-to-Government (B2G):** Some e-commerce companies serve government contractors, providing goods or services to government agencies and other entities.
4. **Consumer-to-Consumer (C2C):** Individuals can sell items to other individuals through their personal websites or through e-commerce platforms that facilitate this process. Examples of these platforms include Craigslist, eBay, Etsy, and many others.

5. Consumer-to-Business (C2B): Some platforms allow individuals to more easily interact with businesses and offer their services, particularly for short-term contracts, temporary assignments, and freelance opportunities. Upwork is an example.

6. Consumer-to-Government (C2G): Although this type of transaction isn't an e-commerce relationship in the traditional sense, C2G is a way for individuals to interact with the government. For example, filing your federal tax return on the IRS website could be considered an e-commerce transaction because it involves an exchange of information. Taxpayers can also pay what they owe or request a refund for any overpayments.



ATM and Debit Card Services

An automated teller machine (ATM) card allows you to withdraw cash from ATMs up to a specified withdrawal limit and transfer funds between bank accounts. However, the card has limited functionality. You cannot use it to make face-to-face or online purchases like a debit card.

How do ATM cards work?

Your bank links your ATM card to your account. When you use your card at an ATM, you enter a four-digit personal identification number (PIN) to access your account. You can then use the machine to check your account balance, withdraw cash, review recent transactions, and transfer funds from one account to another. If you withdraw cash, you may be charged a small ATM fee, depending on the bank and the machine used.

What is a debit card?

Like an ATM card, a debit card is linked to your bank account and allows you to withdraw cash and manage your checking account. However, debit cards have higher withdrawal limits, meaning you can access a larger amount of cash per day than an ATM card. Banks typically give debit cards to customers with checking accounts.

A debit card is also a payment card, meaning you can use it in stores and markets to purchase goods and services. Similarly, the card allows you to make purchases online. However, debit cards have purchase limits, meaning you can only make a certain number of transactions of a specific value per day. Purchase

limits typically range from several hundred to a few thousand dollars, and these limits depend on the bank or credit union that holds your account.

How do debit cards work?

A debit card works at an ATM the same way as a regular debit card: you enter your personal identification number (PIN) to manage and withdraw funds from your bank account. However, debit cards also allow you to bypass the use of cash. Instead of going to an ATM, you can go to the store and use your debit card to make the purchase. The debit card uses your checking account to pay, making the transaction cashless. For security reasons, you must use your PIN to complete the purchase.

In the same way, you can use a debit card online by entering your details when making a purchase on a website. This feature allows for electronic transactions where the exchange of cash is not possible.

Telephone Banking



Telephone banking is a feature offered by many banking institutions. The process involves using the keypad on a touch-tone telephone to perform a variety of banking functions. In addition to traditional banks, telephone banking is also widely used by electronic banks, including those that primarily rely on telephone technology to conduct their business.

The concept of telephone banking has been around for decades. Initially, the process required manual intervention from a bank employee. Customers would call the bank, answer questions to verify their identity, and then submit their inquiries to a service representative. Although this approach required significant effort, it made it possible to conduct a number of banking transactions from the comfort of home.



There are several ways in which telephone banking can be configured. Some services operate based on a verification process that includes voice recognition before allowing access to customer accounts. Other

systems use login credentials such as usernames and passwords, which must be entered using a telephone keypad. Once the customer has entered the correct credentials, the automated system enables a wide range of account-related functions associated with the credentials.

A typical phone banking customer can access their accounts to perform a variety of functions. They can check balances and review recent activity. Customers can also transfer funds between accounts using phone banking, as well as request checkbooks, pay loans, or request information about other services offered by the bank. Phone banking, also known as telebanking, involves using the telephone to perform various banking tasks. Examples of phone banking services include:

- Withdrawing and depositing cash
- Informing about account balances and transaction history
- Paying bills electronically
- Transferring funds between accounts
- Applying for loans
- Ordering checkbooks
- Replacing debit cards

In addition, volunteers sometimes participate in political campaigns by using phone calls to remind voters of upcoming elections and follow specific scripts.

SMS Banking

SMS banking is a form of mobile banking, used by some banks or financial institutions to send messages (alerts or notifications) to customers' mobile phones using SMS, or to provide a service that allows customers to conduct certain financial transactions. SMS banking allows individuals or businesses to manage their bank accounts, check balances, place check requests, transfer funds, pay bills, and perform other banking transactions via their mobile phones using short message service (SMS).

SMS is a fast and efficient way to communicate with customers, and it's an excellent way for banks to provide a seamless user experience. The idea behind messaging services is that banks can interact with their customers anytime, anywhere, and through any channel of their choice—email, SMS, or social media. Customers choose their preferred method of communication when multiple options are available for receiving information.

Some uses of SMS in banking and finance include:

- **Payment status notifications:** Informing customers that their funds have been safely sent or received.
- **Payment confirmation:** Many banks and financial institutions use SMS to reduce fraud and provide immediate alerts to suspicious activity.
- **Status updates:** Informing customers about the status of loan applications or insurance claims, as speed is needed in the digital age.

- Renewal reminders: Sending reminders when insurance plans need to be updated or premium payments are due.
- User Authentication: Issuing a unique verification code or one-time password to confirm the customer's identity.
- Feedback Surveys: To better gather customer feedback and opinions.
- Updating Personal Information: Speeding up customer service via text messages.
- Special Offers and Discounts: Banks and financial institutions use text messages to inform customers of new offers and discounts, sometimes with direct links to relevant pages.

Electronic Alerts

Electronic alerts keep users informed about their accounts and cards without having to log in to online banking or the Commerce Bank mobile app. You can set up alerts in online banking or the mobile app to receive account notifications via text message or email.

Many businesses rely on technology to reach their customers. For example, banks notify customers of unusual activity on their accounts, airlines alert travelers about flight delays or gate changes, and retailers send offer reminders to frequent shoppers. These communications are known as e-alerts.

Email Alerts Applications

Here are some examples of how different industries use automated email alerts to streamline communications and data analysis:

Finance

Credit card companies can send instant fraud alerts to their customers at the first sign of irregular card use or a large purchase.

Banks can notify customers when their account is close to overdraft.

Investment banks can send email reminders when a customer's certificate of deposit (CD) is due.

Marketing

Marketing companies can reach a wider audience by surveying customers across different platforms.

They can track promotional campaigns to analyze their effectiveness.

Education

Students and professors can receive instant notifications of class cancellations.

In the event of severe weather or a university emergency, urgent warnings can be sent to all faculty, staff, and students across all available platforms simultaneously.

Travel and Hospitality

Airlines can send instant notifications of flight delays or important travel warnings to customers.

Frequent travelers can receive flight-specific promotional emails.

An e-alert is any automated communication received via email, phone, text message, or fax. E-alerts have thousands of uses in businesses, governments, schools, and individuals.

Some of the simplest and most common types of e-alerts include:

News and weather alerts received as text messages on your mobile phone

Travel offers received via email as part of a frequent flyer program

Automated political surveys conducted over the phone

Targeted marketing campaigns sent via fax

Mobile Banking

Mobile banking (m-banking) refers to the use of a mobile device to access banking and financial services offered by banks. It enables customers to check their bank account balances, conduct online transactions, transfer funds, pay bills, and more, without having to visit a bank branch.

Advantages and Disadvantages of Mobile Banking (m-banking)

Like any other technology, mobile banking can be beneficial or harmful to customers. Therefore, it's important to understand its pros and cons to stay safe.



Advantages:

1. Provides 24-hour access to banking services
2. Saves time
3. Provides a convenient way to make money transfers and payments
4. Easily monitors and controls bank accounts
5. Facilitates quick reporting of any illegal transactions or fraudulent activities
6. Allows for faster processing of customer complaints

7. Increases the speed of order processing
8. Enables online shopping
9. Facilitates hassle-free investment management
10. Sends notifications for bill or loan payments
11. Encourages customers to stay home during the pandemic
12. Eliminates the need to constantly carry cash
13. Reduces the chance of theft

Disadvantages:

1. May be inconvenient for account holders who are not tech-savvy
2. Removes the human touch from banking services
3. Raise security concerns due to electronic fraud
4. May lead to delays or loss of transactions due to errors
5. Causes comprehension issues due to the complexity of the application interface
6. Makes it difficult to follow up on fraud reports
7. Delays service requests in the event of a security breach Having problems with the Internet