

# Electronic Cheque Instead Of Paper Cheque

Sukhdeep Kaur

Student Of M.Com

Swami Ganga Giri Janta Girls College Raekot(PB) India

## ABSTRACT

We are living in the modern world. E commerce play vital role in commercial business, it has been developing e payment through e banking and e cheque . It is very important step for e commerce. Nowadays every transaction are done through by the e payment mode it is convenient and easy way to make transactions without visiting a bank. E cheque is electronic form of paper cheque , with this system be able to directly withdraw money electronically from checking account. Paper cheque is also same way to draw money from checking account but in which paper instrument write from “payer” to “payee”. In this article I cover various fact related to why e cheque instead of paper cheque benefits and drawbacks, and evaluation of it.

**KEYWORDS-** e-commerce, e-banking, e- cheque, paper cheque

## I. INTRODUCTION

Traditionally, if you kept your money in a bank account, you would write a paper cheque any time you wanted to pay for something. The cheque recipient could present theircheque in bank , after processed money credited in their account or payee can able to receive money. It often took a week or so before the process was complete. Electronic cheque work in the same general manner, but much faster. It is very useful way for modern world.

- Chitranjali Negi (2002) -Thus the domain of Negotiable Instruments is too vast to be easily covered by the Bridging provisions of the ITA-2000. If any attempt is made in a half hearted manner to bring virtual instruments under the ambit of RBI, we may end up with more confusion. The amendment of 2002, which provides due recognition to recognition to the concept of e-cheque, has not appealed to the characteristics, which are inherent to a cheque.

- RachnaRachna (2013) describes that electronic payment system is the basis of on line payments and it make electronic payment at any time through the internet directly to manage the e -business environment. The risk to the on line payments are theft of payments data personal data and fraudulent rejection on the part of customer.

- KARAMJIT KAUR (2015) describes that spread of e-payment usage vary unevenly between countries partly due to difference in factors such as quality of regulatory framework and readiness of telecommunication infrastructure. E-payment system is secure . There should be no threat to the user of e banking can be carryout without involvement of third party. It makes e payment at any time

## II. OBJECTIVE OF STUDY

- To study why e cheque system useful
- To study the benefits and drawback of e cheque system
- To makes the comparison between traditional and electronic payment system
- To study the modes of e – payment system.
- To know about current and future scenario of e payment system.

## III. LITRATURE REVIEW

through the internet directly to the transfer settlement and form e business environment.

- Roth,(2010) observed that developed countries of the world, to a large extent, are moving away from paper payment instruments toward electronic ones, especially payment cards. Some aspects of the functioning of the cashless economy are enhanced by e-finance, e- money, e-brokering and e-exchanges. These all refer to how transactions and payments are effected in a cashless economy (Moses-Ashike, 2011)

#### IV. RESERCH METHDOLOGY

The study is based on secondary data, information is collected from different journals, books, magazines and from various websites.

##### 1.1 WHAT IS PAPER CHEQUE ??

A paper cheque is literally a piece of paper . The drawer writes the various details including the monetary amount, date, and a payee on the cheque, and signs . The cheque is also printed with the bank's name, address, phone number, and across the bottom is a series numbers that includes the routing number, which sends the cheque to the proper bank, and the account number makes sure that the money comes from the right account. The cheque is either filled by hand or machine to show the name of the recipient, date of issue, amount of the cheque, both numerically and in words, signature of the account holder and an optional memo line can indicate what the purpose of the cheque. This cheque is given to the payee, who then endorses and deposits it into his bank.

##### 1.2 WORKING PROCESS OF PAPER CHEQUE

**Fig 1. Working process of paper cheque**

- PERSON A DRAWER(PAY SOME MONEY FROM SAVINGS ACCOUNT TO PERSON B)
- BANK A NOW DRAWEE
- PERSON B PAYEE (PAYEE HAPPEN TO CUSTOMER OF BANK B)
- TOITH DRAW CASH PAYEE DEPOSIT CHEQUE IN BANK
- NOW BANK B BECOME PRESENTING BANK
- B BANK PRESNSENTING PHYSICALLY TO DRAWER BANK THROUGH CLEARING HOUSE
- DRAWEE BANK APPROVE THE CHEQUE AND PAY TO PRESENTING BANK
- NOW PRESENTING BANK RELAISED THE AMOUNT TO PAYEE

##### 1.3 WHAT IS ELECTRONIC CHEQUE ??

E- cheque is modern system of e-payment. An electronic cheque, also referred to as an e-cheque, is a form of payment made via the internet, or other data network, designed to perform the same function as a conventional

paper cheque. Since the cheque is in an electronic format, it can be processed in fewer steps. Additionally, it has more security features than standard paper cheques including authentication, public key cryptography, digital signatures and encryption, among others. For this system no need of physical presence in bank

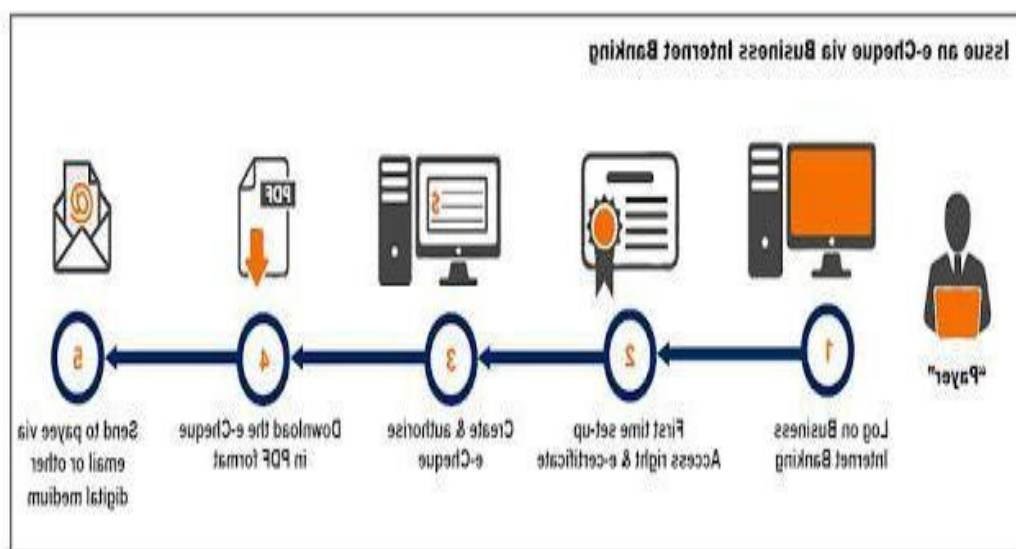
Bank B presents the cheque physically to Drawee Bank through a clearing house.



to deposit a cheque.

#### 1.4 WORKING PROCESS OF E CHEQUE

- Payer log in business internet banking
- If u first time set up u receive e certificate
- Now create&authorise e cheque
- Download e cheque in PDF format
- Send to payee via email or other digital medium



**Fig 2. Working process of e cheque**

#### 2.1 FEATURES-

- A cheque should be in writing and properly signed by the drawer.
- A cheque contains an unconditional order.
- A cheque issued on a specified banker only.
- The amount specified is always certain and should be clearly mentioned both in figures and words.
- A cheque is always payable on demand.

The cheque should bear a date otherwise it is invalid and shall not be honored by the bank.

#### 2.2 INCONVENIENCES OF OLD CHEQUE SYSTEM

- lack of convenience- in old system need to send paper cheque and mail cheque,

some to required to present in a bank for sign cheque before transferring funds

#### 3.1 ADVANTAGES OF E-CHEQUE

E- cheque lot of advantage outweigh paper cheque, it will describe in below lines:-



payment this ensuring that method is reliable and trusted by merchants.

- High security – reduce risk of fraud and scams.
- Simple Process – e-checks are a payment solution which is easy to understand and use for customers worldwide.
- Instant Payment – the customer's payment is acknowledged and approved instantly.
- Accessibility – ability to make payments anytime through the online.
- Environmentally Friendly – the method is favored by customers as it illustrates environment awareness, reducing the issuance of paper cheques considerably.
- Worldwide Appeal – in contrast to the paper cheques, e-checks from any bank and currency from all across the globe can be accepted through the online gateway. As a result the merchant can attract customers worldwide.
- Save Money- the processing of e-cheque costs much less than the processing of paper cheques
- Reduce Error – customers input their details into an online gateway, hence reducing errors.

### 3.2 DISADVANTAGES OF E-CHEQUE

It have lot of disadvantages, it will describe in following manners:-

- Fraud Potential- As computers process electronic checks, hackers can potentially get access to your banking information. Some fraudulent businesses also offer electronic checks as a means to get you to hand them your banking information.
- Errors and Reduced Float-The computer-driven nature of electronic checks also makes them subject to computer errors. For example, a glitch

in the processing might lead to a double withdrawal on your account or an incorrect withdrawal amount. Electronic checks also limit the amount of "float," the time between writing a check and when the business cashes it.

- Unauthorized transaction- Unauthorized transactions have a great pain, in case of any information breach.

### V. CONCLUSION

Today, e-commerce is one of success keys in electronic intercourses. Electronic payment is today main mode of every business field. A lot of electronic paying tools have been presented. The e-cheque is one of the paying tools which are used in all business world. But there is always risk , and it's non recovering , and also trusting to this paying tool is low. Numerous studies have been conducted about trusting in e-commerce and it has been studied from different point of views. One of the ways to increase confidence is using social capital and trusting to a third party. The e-cheque payment that the third party plays the guarantor role and increases the confidence to recover the e-cheque on due time.

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**Name: - Sukhdeep Kaur**

**Student of M.COM 2<sup>nd</sup> year**

**Roll No.: - 2307**

**Department: - Commerce**

**Swami ganga giri janta girls college raikot  
(PB) India**

