



Transaction Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Understand e-commerce payment options and choose appropriate options for your site.

Transaction Management

Introduction

Obviously, an e-commerce site needs a way to process payment from its customers. The methods that you choose will depend on where your business operates from, where your customers live, and what type of business you're operating. Let's look at some of the most popular options.

Credit and Debit Cards

What They Are

The most common option offered by e-commerce businesses is for users to directly enter their credit or debit card information on the site to pay for a purchase. If you offer this option, be familiar with the fees that you will be charged as well as what security protocols are used and how data is stored.

Popular Credit Card Merchant Providers

Some providers of this service include:

- WorldPay
- SagePay
- Moneris
- Most major banks

Where They Are Used

Credit card payments are most frequently used in e-commerce transactions in:

- Latin and North America
- Western and Central Europe
- Australia
- South Korea

Debit card payments are most frequently used in e-commerce transactions in:

- France
- Russia
- India

Online Payment Systems

What They Are

These types of services act as an intermediary between consumers and businesses. Users register their credit card or bank account with the service and then provide the service's information to a website when they want to purchase a product online. Some users prefer this method since their sensitive information is only provided to one company rather than a number of different sites. As well, online payment systems have the resources to build and maintain a secure network and payment process. This can provide better security and peace of mind for customers.

Popular Online Payment System Providers

Some examples of this service include:

- PayPal
- Bill Me Later
- Google Wallet
- Nochex

Where They Are Used

Online payment systems are most frequently used in e-commerce transactions in:

- North America
- Central Europe
- China
- Middle East

Mobile Payment Systems

What They Are

Mobile payment apps allow users to use their smartphone like a wallet, using an app or near-field communication (NFC).

Popular Mobile Payment Systems

Currently, the most popular NFC payment system is Google Wallet. This service is also offered by some major companies, like Starbucks.

Where They Are Used

Mobile payment systems are most frequently used in e-commerce transactions in:

- United Kingdom
- New Zealand
- Africa

- Japan
- Europe

Digital Cash

What It Is

This relatively new form of payment is referred to as decentralized currency, since it is not controlled by a central bank or regulator. Although few online retailers currently accept digital cash payments, it is becoming more popular.

Digital Cash Systems

There are two main types of digital cash as of this writing:

- Bitcoin
- Ukash

Where They Are Used

Digital cash is still emerging and does not yet represent a significant percentage of e-commerce transactions.

Cash on Delivery or Check by Mail

What It Is

Some online businesses offer users the option to pay with a check via mail, or via cash when the product is delivered. This option is commonly offered if a business allows customers to call or fax in their orders. Some customers prefer this method over entering their credit card information on the Internet.

Where They Are Used

Cash and check payments are commonly used in:

- Mexico
- Japan
- Russia
- China

M-Commerce

The Growth of Mobile Commerce

Mobile devices such as tablets and smartphones are making the Internet more accessible than ever, particularly in developing regions of the world. [Internet World Stats](#) estimates that there were 6.8 billion mobile phone subscribers in 2013, representing about 96% of the world's population.

Commercial transactions conducted using tablets or smartphones are referred to as **mobile commerce**, or **m-commerce**. According to [eMarketer](#), in 2013 United States m-commerce generated \$39 billion, about 15% of all retail e-commerce (including travel). That number is expected to grow to \$109 billion (22% of the projected retail market) by 2017.

Top M-Commerce Retailers

According to [Internet Retailer](#), the top 10 U.S. m-commerce retailers (including travel) in 2013 were:

1. Amazon (\$4 billion in sales)
2. Apple (\$1.17 billion in sales)
3. Marriot International
4. Orbitz
5. QVC
6. Wal-Mart
7. Hilton
8. Easy Jet
9. International Hotels
10. Expedia (\$204 million in sales)

Strategies for Success

We can learn a lot from these top m-commerce players. The strategies they have used to be successful include:

- Mobile search engine advertising
- Well-designed mobile apps
- Using responsive web design to make mobile sites user-friendly and easy to access
- Consistent branding and presence across all channels and platforms (since many people use multiple devices at once)
- Focusing on the needs of customers and personalization

What Does the Future Hold?

In the coming years, mobile devices will become more wearable and personalized. As of this writing, Google Glass is beginning to take hold. As well, a number of smartwatches are widely available and more brands are joining the market every year. E-commerce businesses will need to watch these trends and adjust their strategies in order to stay on top of m-commerce growth.