

ELECTRONIC PAYMENT SYSTEMS ADAPTATION IN PAKISTAN FOR BUSINESS GROWTH

Ghulam Mustafa*¹, Muhammad Kashif²

¹Government College of Commerce, Multan

²Government College of Commerce, Liaquatpur

*Email: visitgmmultan@gmail.com (Corresponding Author)

ABSTRACT - *The cash system which we are using these days is more important and accessible if we compare it with the earlier barter system, but it possess some drawbacks in itself which do not only influence government but also to the corporate masses and individuals as well. By considering e-payment as a case study, this work was carried out to find out the use of electronic payment systems and adoptions used by the individuals in Pakistan. This task was carried out by questionnaires to the financial institutions, businesses and the individuals to find out the various kinds of e-payment systems those are available. The results obtained from the study were compatible with the business growth in Pakistan. Because of the insufficient availability of sale point terminals among others at shopping areas, the adoption and use of the e-payment was found to be low. They can influence the scent relief of the use even by the perceived serviceability of e- payment system is highly available between business and individuals. This study consigned the education of customer and broadly spreading deployment of e-payment sale terminals point to the merchants.*

KEYWORDS:- Business Growth, Electronic Payments, Smart Cards, Pakistan.

1. INTRODUCTION

In order to facilitate trade and simplify payments, the world has attestation an upsurge of electronic payment instruments meant [1]. In order to undertake all types of transactions all the customers had to go to the banking hall, before the introduction of electronic payments into the Pakistani banking system. For the sake of their transactions, the customers have to line up and expend more time to talk to the teller. The inconvenience and difficulties faced by people through these queues disheartened many people to make the transactions especially for payments. The technology specialist, entrepreneurs and bankers from many years, have booster for the substitution of the introduction of more flexible and physical cash, constructive and cost saving retail payment solutions.

To help the companies, customers and individuals and the banks itself, electronic payments has been used. It can be used to in freezing and reducing some of the problems related to the payments process and settlement [2]. Without moving towards banks customers can pay their bills as well. Electronic payments also facilitate customers to access towards their accounts and transfer of money to other accounts by sitting at home. For the sake of upgrading their infrastructure and in order for providing new electronic based information, Pakistani banks are making huge investments. In order to take the benefits through new technologies, electronic payments such as online banking are giving benefits to the individuals and small institutions at a reasonable cost. Electronic payments are continuously developing in Pakistan, to reduce and substitute paper-based money. Many new payments has been introduced in the recent years, many of them are relied on technical creations i.e. internet, telephone and cards etc.

1.1 Limitation of the Study

There are some limitations of the study which can be described as follows:

1. The government should try to produce the cash in the form of bank notes.
2. It is necessary to replace the torn bank notes due to mistreat.

3. There should be several branches to receive the payments for the corporate bodies.
4. There is a need to provide space to accommodate long queues for corporate bodies.
5. There is a loss of man time for joining the long queues
6. Risk is involved when the cash has been collected from the collection centers.
7. The refusal and reluctance of clients to pay bills due to long queues.

1.2 Objectives of the Study

The general objectives of this research are to find out the adoption and use of electronic payment system in Pakistan, while the specific objectives has been discussed as follows:

1. Pinpoint the basic kinds of Electronic Payment Systems in Pakistan.
2. Identify the determinants influencing the payment's system choice in Pakistan.
3. Estimate the challenges that are faced by the customers in the existence of payment systems in Pakistan.
4. Impose the adoption level and the use of e-payment.
5. Identify the difficulties involved in the use of e-payment and adoption.

1.3 Scope of the Study

This research would shed light on the electronic payment system in Pakistan. The smart card payments, national switch and settlement systems those generate an electronic clearing house for all the financial and banking systems. The biometric smart cards as well which is the very protective way of paying for goods and services. This research takes over individuals, businesses and banks in Pakistan.

2. LITERATURE REVIEW

Electronic payment system (E-payment) can be described as "payments through electronic transfer of credit card details, direct credit, or through some other electronic means, as opposed to the payments through cash and cheques" [3]. It may be defined as a "payer's transfer of a monetary claim on a party passable to the profitability". Electronic payment is a financial exchange which takes place online among seller and buyer". Kalakota & Whinston [4]," The pleased of this exchange is usually in the form of

digital financial instrument i.e. electronic checks, encrypted credit card numbers, or digital cash that is tailed by a bank, legal tender or an intermediary.

According to Pariwat & Hataiseere [5], for the acquirement of a payment system that is efficient and productive, the following deliberations that construct the choice of payment methods for businesses and consumers should be considered: the service quality, security and the reliability of payment methods, involving such attributions as the level and structure of fees charged by financial institutions, the speed with which payment are processed, demographic and taste, convenience and flexibility of different payment systems and technological advances which have improve the speed.

It has been concluded from a number of studies that information technology has detectable positive effects on bank productivity, banking transaction and bank services delivery and customers' services [6, 7]. Moreover, it improves the financial intermediation and savings mobilization. Efficient payment systems depends on non-cash payments and that reliable and productive payment system smooth the economic development [8].

ATM is a combined computer terminal, in a one unit record keeping system and a cash vault exist that permits to the customers with a plastic card to enter the bank's book keeping system that contains on a secret identification number [9]. We can get its services when we are far from the home, bank and offices such as at airports, shopping malls, and it allows various retail services to the customers that decrease the work load of human tellers. First it was introduced as a cash dispensing machine, now it facilitate its customers in various forms such as transferring of funds two or more accounts and bill payments, making deposits etc.

In Pakistan, major international credit cards such as Master cards, Visa, American Express and others such as banks debits cards are used as a medium of payment in major shops, restaurant, hospitals, travel agencies and super markets. Most of these cards can also be used as ATM that belongs to some of the banks for the sake of collecting small amounts of local currency.

The impact of using the adoption due to its ease is stronger in women than in men [10]. However, it should be noted that low technology adoption among women are not only caused by the level of self-efficacy. Many cultural and social factors can also factors into the technology adoption.

3. METHODOLOGY

This study hired the explanatory design. With reference to the current status of phenomenon, explanatory research concerns to the collection of information for the purpose of answering the research questions [11]. The objective is to explore the social phenomenon without specific expectations. Explanatory research has been conducted when the issue or topic is fresh and when the data collection is complicated. The center of explanatory system is on obtaining familiarity and wisdom on social phenomenon.

According to Singer and Willett [12] explanatory research project is workable when the aims of the research involve the expansion perspective relevant to the breath of variables functioning in a condition. When the study is formulating and identifying alternative courses of actions, it can also be applied. Moreover, Shields and Patricia [13] studied

explanatory can speech research questions of all types (what, why, how) and it is flexible too. For the sake of gathering data, the design can also use both quantitative and qualitative methods including questionnaires. Besides it, the design helps to determine the appropriate data collection methods.

3.1 Target population

For the study, all the revenue collection institutions like FBR, Local Government, WAPDA, banks, businesses and individuals comprised the marked population. A sample was drawn from the population for the study, due to the large number of businesses and organizations.

3.2 Data and Sources

Both primary and secondary sources were used for the purpose of data collection. This has been based on the affirmation by Bliakie [14], who asserted that the use of variety of sources of data decreases the exceeding the favor of each one. Hence the basis of primary data was made through the administration of questionnaires.

3.3 Data Collection Instruments

For collecting the primary data for the study questionnaires were used. This has been done with the help of a literature search that was operated to recognize and categorized the variables and concepts that was analyzed in the same previous studies that consists of close and open ended questions.

3.4 Data Analysis

By using descriptive statistics, data collected from the field were analyzed. To ensure consistency, the data were edited and coded prior to the analyses. To analyze and process the data, the Statistical bundle for the Social Sciences (SPSS version 16.0) was engaged. To anatomize the data collected from the field, analytical methods such as proportions, frequencies and percentages has been used. The result has been presented in form of table and charts.

Table 1: Gender of Clients

Gender	Frequency	Percentage
Male	65	65%
Female	35	35%
Total	100	100%

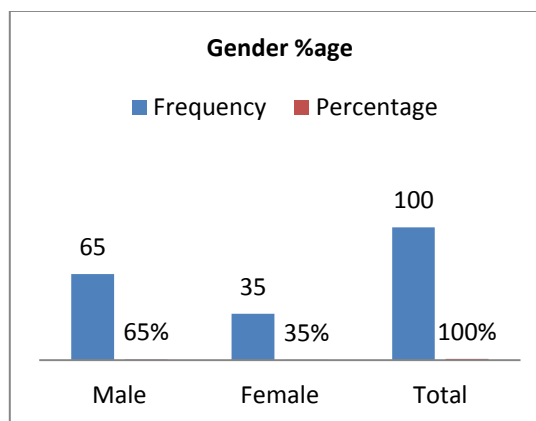


Figure 1: Gender %age for Data Analysis

Age is used as a key variable that impacts on the capacity and ability of the individuals to stain new things, conditions and circumstances. One's age can elaborate her/his interest

in embracing new technology. The figure 1 shows that the major ratios of the respondents are male that is about 65 percent and female of 35 percent. In these groups the major percentage is of age group 25 to 40 years those are using electronic payments.

4. ELECTRONIC PAYMENTS KINDS IN PAKISTAN

From the available payment systems respondents were asked to tick, that they use for the banking transactions. Table 2 explored the findings. Among from the 100 respondents, 46 exploring use of ATM. Using online payments it is 31 percent, using different smart cards it is 14 percent. The smallest payment system percentage is 13 that is through debit/credit cards.

Table 2: E-Payments Ration in Pakistan

Sources For E-Payments	Ratio
ATM Cards	46
Online Payments (Internet)	31
E-Payment	14
Credit/Debit Card	13

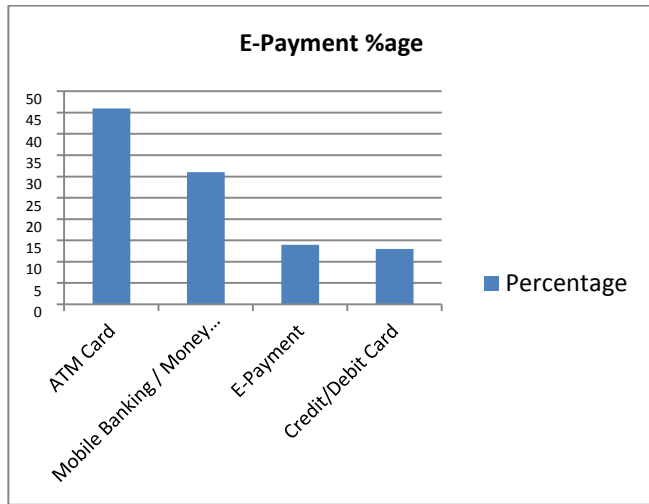


Figure 2: E-Payments %age in Pakistan

The above results elaborated that the most common source being in used in Pakistan is ATM card.

5. ADOPTION LEVEL OF THE E-PAYMENT

The objective of this section is to evaluate to which, the e-payment smart cards are used by the customers of corporate institutions and banks for the business transactions. The findings of the survey shows that the 75 % of the respondents admired that the complex methods are involved in conducting the payments with e-payment smart cards that comprises on challenges. 15 % of them are disagreed; on the other hand 10 % people did not give any opinion.

6. CONCLUSION

The study has been concluded that although most of the institutes posses the e-payment point of sale terminals, for the purpose of making electronic payments for transacting the business with these institutes, some people adopted the e-payment smart card. Most respondents replies that the ordinary payment system in Pakistan is full of challenges.

Long queues for waiting, dealing with limited payment and bulky cash bulky options were observed the main hurdles to the ordinary payment systems. These are the challenges that do not involve in the e-payment smart card payment systems.

Our study find out that the use of ATM cards, smart cards and online payments are very suitable to meet the challenges of ordinary payments and it will leads for business growth in Pakistan. With respect to the choice of payments, customers usually adopted a specific payment option that is based on the number of determinants they considered to be in their favor. Hence such determinants such as customer’s education level, income/wealth, different risk factors like security and safety can impact on the E-Payments system in Pakistan. The lack of interest on the electronic payment system and internal risks discourages the consumers from using them as a mean of payment. There is a need for the establishment of banks and other service centers to educate the people about the electronic and payment systems that clear their mind about the advantages and disadvantages of this each payment system.

6.1 Future Work

All types of electronic payment systems such as e- payment rely on the large availability of an effective ICT infrastructure where high expertise and durable hardware in ICT and reliable network connectivity are available. Stake holders in the communication sector and government should foster the expenditures for using new technology.

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