

## The Operation Mechanism of E-wallet in E-business

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**Abstract.** With the rapid development of national economic construction, e-business has gradually improved in China. And the enormous population, gradually increased net-users, improved e-business technologies and government assistance have offered a great foundation to e-business. Consequently, the electronic payment methods, as a new system of payment, have developed together. These new methods of payment which attract most of consumers online for their convenience, simplicity and quickness, give a positive effect to the development of e-business. Meanwhile, e-wallet (e-purse), as one of the new e-payment methods used in e-business buying small commodities or spending a little, has enjoyed popularity among the consumers online. However, e-wallet has lots of problems which lead to narrow application in China in its practical use. Under this circumstance, the paper systematically explains the psychology of consumers online in e-business and puts forward the problems in the whole process of e-wallet. Then, the paper finds out the effective solutions to these obstacles in purchasing use. Finally, the author wishes that the governors of companies who want to posit in the market of e-business should pay more attention to this new payment method and find out some proper marketing strategies to promote the development of e-business in China.

### 1. Introduction

At present, under vigorously promotion of all levels of national governments and economics and trade departments, various e-business activities are developed and promoted all over the country. The third party network service platforms, such as Alibaba.com, EBay.Com and Taobao.com, have led the development of massive small and medium enterprises and individual e-business, and promoting internationalization of e-business. According to statistics, there are more than 4,000 e-business websites in China currently, the total transaction amount of e-business in 2004 already achieved RMB440 billion Yuan, and in 2005 it has reached over 620 billion Yuan.

Chinese government puts emphasis on e-business work extremely. Legislation, policy and financial support made a significant progress than before. ChinaEClaw.com was established in July 2000 as the first professional Electronic Commerce Law web site in China. Our Chinese-language web site contains a wealth of comprehensive information and authoritative content focused on the legislation, judicial decisions, research and practice of e-business policy and laws in China. ChinaEClaw.com has become a respected window for legislation and research on electronic commerce by the Chinese government, as well as a platform for research by and communication among academics, and an important channel through which companies involved in e-business can resolve their operational issues and seek advice or legislation.

Generally speaking, the China e-business market contains huge commercial opportunities, and the development prospect is extremely broad. The relevant organizations are complying with and guiding commercial transformation tendency, absorbing latest international achievement of technical platform, payment system, creditability system, platform construction and safety guarantee system in e-business[1], further optimizing the external environment, and speeding up development and innovating application complying with national features.

## **2. Functions of E-wallet**

Modern women's multi-roles in society enable them to have the following four components of women's market, E-wallet plays an important role in the process of payment in e-business.

First, e-wallet has the function of management of personal information. After the consumers apply for it successfully, they will build an individual record of e-wallet in the electronic service equipment of e-commerce. The consumers can add, delete, or alter individual information according to every deal. Second, e-wallet has the function of paying for commodities online which can bring lots of convenience. After the consumer chooses the favorable thing, he can open the system of e-wallet in which he chooses the credit card. Through this method, the consumer instructs the payment net to make payment. Third, e-wallet can record every deal by using it. The consumer can scan on detailed information, such as the time, the name of commodities, the name of shopping especially the money he has paid. Fourth, the consumer can require about the remaining sum in the credit. In the system, if the remaining sum of the credit card is not enough, the commercial bank will not give confirmation to it, and the consumer can not buy things. Through e-wallet, the consumer can check up it before purchasing. Fifth, the system of e-wallet has connected with many sites of sellers. If the consumer chooses one of them, he can enter into the shopping site directly.

Certainly, if the consumers want to purchase online using e-wallet for payment, he has to register before. And when entering into the system of e-wallet, he must put the password in order to give identities. Therefore, the holder of e-wallet should make a secret to his name of user and password. After e-wallet is stolen by other persons, it will bring the same economic loss as the real money bag in our life. You may check your purchase history through the purchase history link within your e-Wallet. Purchase history will be available for at least one year from the date of purchase.

## **3. The problems held by consumers in using e-wallet**

More and more Chinese are enjoying retail therapy - online. A new survey shows Internet shopping is increasing thanks to the improvement of online payment systems and delivery services. The China Internet Network Information Center survey reveals 17.9 per cent of consumers shop online often. Among those who have never purchased online, 63.7 per cent say they will convert to online shopping in the future, that means greater market potential exists. Among those who quizzed that have shopped at least once online, more than 90 per cent said they will continue to use the new purchasing mode. Online business firms are already staging big promotions to lure more consumers following the upgrade of Internet payment system in recent years. About 41.8 per cent of all web-shopping payments are handled over the Internet, the survey shows. 34.7 per cent are completed in person, the survey shows. However, compared with the psychologies of consumers in China, e-wallet still meets lots of difficulties in purchasing in e-business.

### **(1) Making use of knowledge of computers**

Nowadays, our society depends, more and more, on computers and new technological equipments that have been aiding the individuals in his daily activities. Even so, still a great number of people that presents difficulties in adapting to the new technologies. These people feel a great discomfort and even aversion for devices and technological equipments, tending to avoid the interaction with computers. In the educational area, most part of the difficulties of implementation of computers in public schools is due to the teachers' resistance in the use of new technologies.

In this environment, the using of e-wallet in the e-business is a great obstacle to lots of consumers. From searching for the commodities online to conclude the whole deal, using the knowledge of computers is necessary. For example, before using e-wallet to make a payment, the consumers have to lowdown the software of the e-wallet from the Internet. Even though the software is free of charge, the consumers who don't have enough computer technologies cannot use e-wallet. And in China,

most of the computers are used to do some word job, they lose the important use of surfing online. Meanwhile, finding a website with good credibility is also difficult to the consumers.

#### (2) Lacking safety of purchase

At present, people pay lots of attentions to time. That is to say, in the purchasing courses, they hope to buy in convenient circumstances. In the traditional conditions, people have to prepare a lot before going out to buy things. For example, they have to get up earlier, and find ATM to take money out. Meanwhile, they have to choose the proper commodity among the same kinds of commodities in one or two hours. Additionally, the time they cot on the buses is not short. Especially, to those busying persons, they are unable to take some certain time for purchase from their busy schedule. From this perspective, purchasing on the net is much more convenient. According to the statistics, the consumers on the Internet who have time-saved as a reason take up 49.29 percent in the whole consumers.<sup>4</sup> The problems held by consumers in using e-wallet

However, the problems come about. On the one hand, the right of privacy of the consumers cannot be protected on the Internet. Before purchasing on the net, the consumers have to register on the special site. For example, one consumer wants to buy things on Yagole net. Before he wants to order, he has to register to be a member of Yagole net and write down some true information, such as the real name, e-mail, the true address and the number of the mobile phone. Most of the time, the consumers have to write down the number of identification card even much more private personal information in order to become a member<sup>[2]</sup>. They collect a variety of personal information about users of their products or services. Personal information is information that can be directly associated with a specific person or entity, such as a name, address, telephone number, e-mail address, or information about activities directly linked to that person. With the development of e-business, the completion among the sellers is much severer than before. In order to win the consumers on the Internet, the dealers not only seize the present customers, but also get the information of a potential customer. At the same time, the technologies of the net cannot protect personal information that the consumers have registered. On the other hand, the system of payment of e-business cannot give the safety to the consumers. After becoming a member of the shopping online, the customer is able to choose the commodities, and then she can use the e-wallet to pay for it. However, at this stage, e-business cannot constitute of effective system of payment and credit. In the course of payment, the personal information or the password of the credit card of the consumers may be lost. Additionally, they can also get false order, without ordering the things but requested to pay for it or give back the money. All of the problems make the consumers not like purchasing commodities on the Internet.

#### **4. The management of e-wallet online**

In the past year of 2001, the global information industry got depressed for the decline of world economy and crash of Internet foam, which caused serious difficulties for Internet industry. However, although the exterior environment got changed, China Internet industry still presents quite a good developing trend. By the end of 2001, the amount of computer logging on Internet reached 12.45 million, with 33.7 million net-users<sup>[3]</sup>. The Internet services were about 20 kinds, including e-mail, information searching, e-shopping, etc. Great improvement had been made on electronic information product, software product, integration product, and other relevant products. Internet is not only the revolutionary outcome of traditional telecommunications industry, but also the platform for social activities providing information, financial, education, medical and other multi-services. Under the background of WTO, China Internet industry must meet the grand future following the developing of Internet project of government, enterprise and home.

“The Internet Conference of China has been held on 25th, Nov. 2002, at Shanghai International Convention Center. At that time, participants include representatives from government departments for information industry and relevant ministries & commissions, network operators, software & hardware facility manufacturers, famous scholars & experts, and top managers from enterprises, as well as representatives from relevant international Internet organizations and well-known international Internet experts<sup>[4]</sup>. The participants will also include delegations from England and

Japan, as well as other countries. The conference shall be the grand meeting of China Internet industry after China joining into the WTO.” [5]

The objectives of the conference are to know and analyze the latest Internet trend & development, discuss the opportunity and challenge facing by domestic Internet industry after China joining into the WTO, study the development & application of Internet technology, and exchange the experience on Internet industry operation and management so as to propel the development of our country's Internet industry, improve the construction of advanced Internet culture, and build a healthy and prosperous China Internet industry.

Internet is a common net platform of electronic payment. If building service of electronic payment on traditional telecommunication net and professional net, it makes a platform that the net-users are narrow and merchants, companies and banks have to burden high telecommunication fees. That is because the end of computer and technologies of net are hard to fit into sharp increase of business. Therefore, it is urgent to find a common net platform with high quality but low expense. Meanwhile, owning more than 100 million users makes Internet become the best choice of users, then the technologies connected with electronic payment and practical use system has come out together and making a payment on the Internet has become the development trend of modern system of payment[6]. The sharp development of technologies connected with Internet, increased net-users, improved practical use systems provide a new platform to electronic payment online. At present, it has become the only telecommunication platform for the public.

## **5. Summary**

While nobody is certain what the future will be, we do know that the Internet recognizes no national borders. Electronic commerce is global in nature, and the Internet cannot help but to dramatically increase international trade. Under this circumstance, building a good domestic environment for e-business is very important. That is to say, solving the problem in e-business such as the obstacles of e-wallet is an urgent task. Provided that the domestic market of e-business is mature, it can connect with international market of e-business.

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