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INTERNET PAYMENTS AND THE DEVELOPMENT OF ELECTRONIC BUSINESS IN UKRAINE

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The article deals with the problems of the development of Internet payments in Ukraine. The author of the article examines the Internet payment like effective co-operation of the user and salesman. The author analyses the features of the use of electronic payments such as WebMoney, PayCash, PayPal and credits-cards

Keywords – the Internet, Payments, electronic payoff, electronic trade.

1. Introduction

As soon as the Internet had come into the world, the enterprising people built up trade in the Net at once. In 1992 the term “World Wide Web” was introduced, and in 1994 the first commercial site offered its visitors to key in the information on credit cards to pay for its service [1].

This is the exact form of communication between the producer and the consumer which will lead not only to more effective and less expensive distribution of goods and services, but also to the cardinal changes in relationship between them.

The Internet gives an opportunity to carry out analysis of competitors, to conduct marketing research, to take stock of demand for a definite type of goods (services), markets and sale resources. It also noticeably simplifies the search for new partners and suppliers, increases the efficiency of distribution of goods and services, promotes the improvement of the process of the most rational production system evaluation [2].

2. Electronic trade in the Ukraine: problems and prospects

The use of the electronic business can lead to the significant increase of the volume of the internal goods and services consumption of not only domestic, but also foreign manufacture. For the firms and companies this is the entry to the international market of goods and services, the way for profits increase and the opportunity to identify the every employee contribution. For the visitors it's reduction of time for traditional and season purchases.

For the wide-ranging implementation of the electronic business into Ukrainian economics an active participation of all interested parties is necessary. Such conditions as direct motivation of the leaders, managers, and company staff, good possession of information and, as a result, customer demand, effective interaction of the state and business should be fulfilled.

Furthering network evolution in terms of the use of digital cash, a company named DigiCash is at the focus of creating an e-cash system that would allow issuers to sell electronic coins at some value. When they are purchased they come under someone's own name and are stored on his computer or under his online identity. At all times, the e-cash is linked to the e-cash company and all transactions go through it, so the e-cash company secures anything that is purchased. Only the company knows your information and will properly direct purchases to your location.

To bring the electronic business to reality, first of all it's necessary to create the normative-legal documents system appropriate to the world standards, to solve the organization, system and infrastructural problems. Besides it needs an effective system of staff retraining.

The problem of pay by the Internet is also the issue of the day. The customers are not ready to entrust their money to the invisible space of the Internet, and to accept uncorroborated credit card information through the site from unknown people. So it began the struggle for payment safety in the Internet.

At the same time the existing systems (WebMoney и PayCas, PayPal, Yandex-money, CyberPlat, etc.) improve consumer service. The Internet-payment uses the payment by cash with the mail and messenger service, prepayment, payment forward. One of the most effective methods of the electronic commerce is payment with the credit card or via some other system of the Internet-payment. The cardinal problem is to develop the financial culture in Ukraine, legal and economic literacy. There is a problem of the money safety in this country. People are ready to spend their money, but they are not sure that they won't be cheated. However various systems of the Internet-payment are developing in this direction. The systems of the virtual cash (which is often called “electronic

cash”) and payment with the bank cards have gained wide popularity in the Ukrainian segment of the Net. The electronic payments can be also made in the most part of the Ukrainian on-line services and shops, and it is not a problem to fill up an account in such systems.

Founded in 1998 in Russia the WebMoney Transfer system was not properly introduced in Ukraine – in spite of its real availability all over the world, absolute majority of transactions were conducted in Russia. In Ukraine this payoff system can be used but there aren’t enough points for accounts filling up yet, the number of Internet-shops which accept the electronic money and which are not adapted to the local legislation doesn’t allow the WebMoney to develop in Ukraine [3].

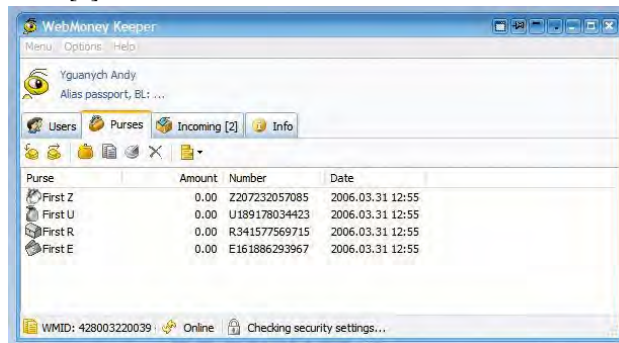


Fig.1 WebMoney registration

Another payoff system with the virtual cash was put into revenue service in 2001 by the name «PayCash Ukraine», then in April 2003 it was transformed to «Internet Money». Its functionality is based on the technology PayCash, and a Ukrainian grivna is a unit of account [3].

Today there are about 40 thousand users registered in the system, and more then 100 online-shops accept the «Internet Money» payments. The customers of the company can make the purchases on those sites, which make out money orders to other payoff systems based on the same technology (for example, Russian «Yandex.Money», American Cyphermint and Armenian DramCash); the account is invoiced in grivnas. By the way, with the beginning of the «Yandex» representation work in this country its payoff system appeared, but the whole support of the Ukrainian users is provided by the «Internet.Money» company [3].

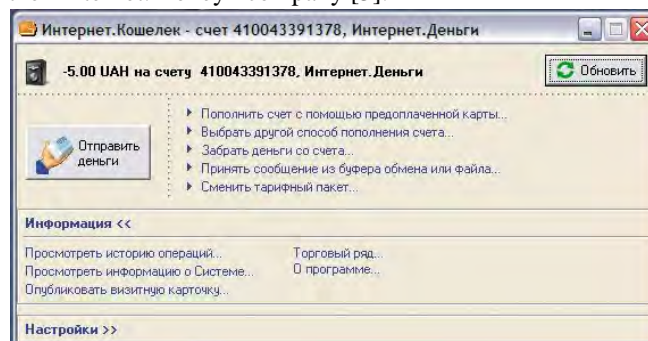


Fig.2 Interface of application for account manipulation in the “Internet-Money” system

On the whole, today by means of the «Internet Money» it is possible to pay for various goods and services. The users of this system pay mostly for the Internet access, vehicular communication, cable and satellite television, public utilities, software support, as well as books and compact discs.

The main focuses of digital cash development are 1) being able to use it through a wider range of hardware such as secured credit cards; and 2) linked bank accounts that would generally be used over an internet means, for exchange with a secure micropayment system such as in large corporations (PayPal).

There is another program of Portmone.Com. It is an electronic account delivery to the clients from service providers (public utilities, operators of mobile communication, cable television, etc.). In addition, Portmone.Com provides the reception of payments via bank cards in the Internet shops (acquiring).

Except of work over the Internet, it is possible to settle on accounts in Portmone.Com by means of WAP-access and IVR (Interactive Voice Response) - mobile phone voice menu (presently is only used for account updating in UMC). There is also Direct Debit service – an automatic payment of some accounts from service provider (it is very comfortable, for example, for paying bills of public utilities).

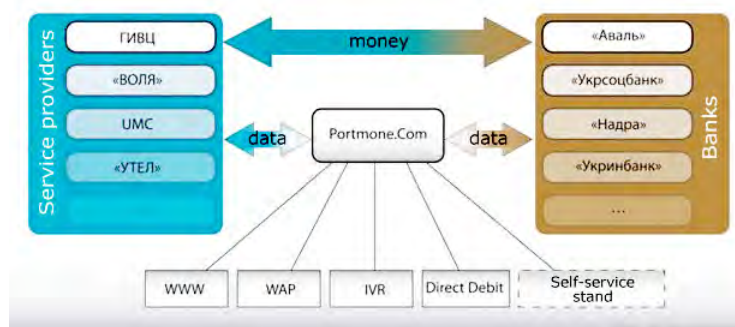


Fig.3 The way Portmone.Com works

The total volume of Internet payments in Ukraine has repeatedly grown for the last few years; however this kind of payment is still hardly can be named popular.

Growth of amount of the companies which accounts can be paid through the Internet has recently played the greatest role in increase of payments volume. Introduction of modern technologies of protection, payments safety and the better service, which is inaccessible to off-line calculations, is also an important factor. For example, payment enrollments in Portmone.com occur in a few minutes.

Systems of "e-cash" receive real money from customers. These "equivalents" can be sent by mail and then convert to "alive" money. Nowadays the systems which make processing (service of plastic credit cards), as a rule, of international systems such as Visa, MasterCard, Diners Club are also actual. Two bright representatives of this group are CyberPlat and Assist.

3. Conclusion

Successful activity of any payoff system with other things being equally is defined by recognition of its appeal by two categories of users: buyers and sellers.

The major factor which constrains development of Internet payments in Ukraine is the germinating culture of the remote orders. As it was already marked, people have not got used to the remote payments. It is more acceptable for them to give money directly to alive person. The most important thing in Ukraine is that the logistic for Internet payments is not very well developed yet.

The primary goals of development of Ukrainian economy in the Internet are:

- Active presence of Ukraine among the international organizations on the problems of the Internet and electronic commerce;
- Safety and information protection in the Internet;
- Participation of Ukraine in the international scientific and technological programs and conferences;
- Development of legal and economic bases for information interaction of industrial, scientific, educational and informational centers in the Internet;
- Development and legalization of the national forms of electronic document circulation and digital signature;
- Development and realization of the state system of informational and analytical support of state bodies;
- Attraction of Ukrainian population to participate in the Internet- payments by promotional and informational means.

Ukraine should constantly analyze and take into account all problems and prototypes of reconstruction of scientific, information, technological and educational relations which are already solved by the leading countries of the world. Introduction of new economic policy should be done in the country; otherwise it will be put in a hard external economic condition incompatible with integration into the world community and the world market.

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