



## E-PAYMENT AND ACCOUNTING ISSUES IN INSURANCE COMPANIES IN THE USE OF E-COMMERCE

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### Abstract

*Promises developments in information technology, the most affected accounting and communications, and this led to tremendous developments and leaps in accounting that are no longer limited to recording, tabulating, summarizing and presenting data in final accounts on the result of information aimed at providing diverse activity information but rather evolved to be a system for its users from internal parties And external, in order to rationalize decisions, and then it has become a social technology that touches all economic, administrative, social and technical variables in the world of business and finding the accounting treatments necessary for these variables and showing their implications accounting clearly. Insurance is a method or a way for people to make sure the compensation of the loss in life such as illness, damage loss in accident or another specified loss. When people register or use this method, it can cover all damage with a specified condition based on what plan that people register or take. The way of cover by insurance are by return of money or payment support for the damage. For example, a man suffer*

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*diabetes in his life, so when he register for an insurance plan, the insurance company will support this man by give the money support for that man to buy medicine or make a checkup at hospital. People that register to insurance agency, they have to pay to that agency by month. The payment cost is based on the plan that they pick. If the plan cover 100% damage the payment for monthly will be more expensive that plan that cover below than 100% damage. However, there are certain problem in insurance agency or company which are pre-existing condition and payment way by monthly or yearly. People are talking about the condition that are changing from the plan that they choose and face problem to make a problem online to certain insurance agency. Therefore, in this study, the paper focus to identify the key criteria of solution to solve this problem. The criteria of solution discussed hoping this solution will become a major guidelines to fix this problemin any insurance agency or company.*

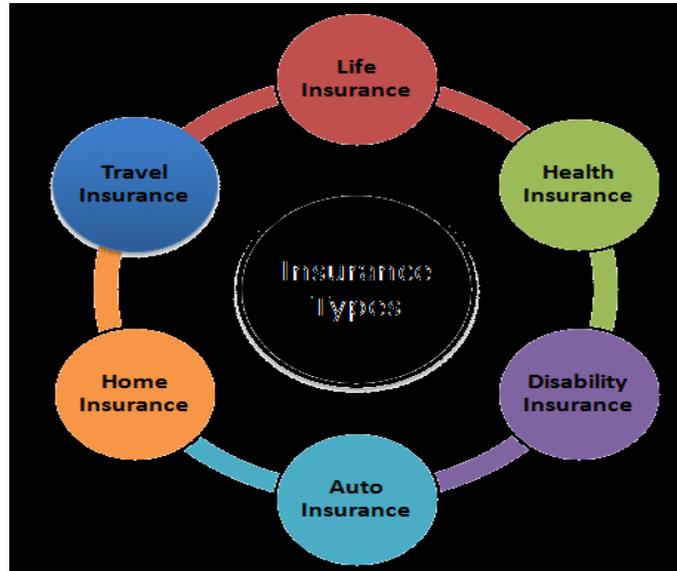
**Keywords :** E-Payment, E-Commerce, Insurance System, Accounting Issues.

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## **I. Introduction**

Insurance is the way the customer r risk is managed. When purchase insurance buy protection against unforeseen financial losses. When something bad happens to the customer, the insurance company pays the customer or someone else. If the customer do not have insurance and an accident occurs, the customer may be responsible for all costs incurred. Having the right insurance for the risks the customer may face in the customer r life can make a big difference [I]. An insurance policy is a written arrangement between the policyholder (the individual or corporation providing the policy) and the provider (the insurance company); The insured isn't necessarily the policyholder. An individual or company may obtain an insurance policy (making them the policyholder) protecting another person or entity (which is the insured). For example, When a company purchases an employee's life insurance, the employee is an insured and the company is the policyholder.

This is an example on how insurance can reduced people financial risk when they buy an insurance plan. Imagine the customer 're driving the customer r car and the customer hit a deer, which damages the customer car. If the customer have the right kind of auto insurance policy, the insurance company will pay the costs of the car repairs (minus the deductible — the portion the customer have to pay) [VII]. Another example is imagine a water pipe bursts in the customer r bathroom, ruining everything in that room and in the bedroom next to it. Typically, if the customer have homeowner's or renter's insurance, the insurance company will pay to replace some or all of the damaged property, once the customer pay the customer r deductible. Insurance policies will only pay for things that are described in the policy. So, it's important to read a policy carefully before the customer buy it, so the customer 'll know exactly what's covered see figure 1.



**Fig. 1:** This is an example of types of insurance can cover when people register to an insurance agency or company

## **II. Problem Statement and Methodology**

The problem that facing in this research is pre-existing condition and payment method in insurance company or agency. This problem can be fix by using e-commerce concept. E-commerce is commerce that using electronic and internet when making transaction such as transfer money and data will be execute through the transactions. So using e-commerce we can clearly fix the offline payment problem. The problem of pre-existing condition in insurance agency also can be fix by using e-commerce [III]. As we know e-commerce is a business that are using electronic and internet as a platform to make their commercial, so the solution of the pre-existing condition is an insurance company can make a website or application to their company to display their detail of insurance types of plan. Customer can read and choose it easily before sign the contract with the agency.

There is a research from website PulseSolution about e-commerce methodology. Their e-commerce methodology have evolved in build 100 project across the world and its proven to successfull. Analysis the first step to build e-commerce website or platform, we have to study the needs of the business requirement. Marketing and Sales team have to work in together to review the needs of the business, analysis and execute the data of the competitors. These team also have to explore and recommend the best needed to fulfill the needs of the business. This first step include of the finding features and flow of the overall structure.

Design when we get the information of the website needs, designers team have to build or design a UI review of the site before start build it. At this stage, designer have to make a presentation about the interface of the site to show and to get a suggestion about the change of the UI of the site [V]. Design integration HTML we

can call as a programming language that can convert from programming to an interface. In this phase, HTML will be used to delivered on how the website will work or will be display. When we started this phase using HTML, it can speed up the process of to build the full website.

Programming and database creation in this phase of methodology, processes of the website is done with the coding and programming and also the database for the backend process also fully created. This will show the real dynamic database pages. The programmers will follow the design of the website and connect it to database using PHP language. Payment gateway integration to get a support from all major payment gateways such as Paypal, Sagepay, Google Checkout and others. The payment gateways must be setting up to make sure the payment process is successful.

Importing the customer r product Put the detail of the product in the website. For example based on our research problem, insurance agency can put all of their plan detail into the website so customer can choose it before ready to sign up to the plan [VIII]. Training when the website is fully build, the workers or staff have to take a training class to master the website or application before the site is distributed to the customer. After staff or workers understand the flow of the website, they can help customer or guide customer to use the website.

### **III. Measuring the Quality of Accounting Information in E-Commerce**

There is no specific definition of information quality due to the difference in quality according to the difference of views and the goals of the sponsor and users of the information, but it is possible to define general criteria for measuring the quality of the information as follows [II]:

1. Accuracy as a measure of the quality of information: The quality of information can be expressed for both the past, the present and the future. Undoubtedly, the more accurate the information, the greater its quality and the greater its value in expressing historical facts or about future expectations.
2. Benefit as a measure of the quality of information: The benefit is represented by two elements, namely the validity of the information and its ease of use. The benefit can take one of the following images:
  - i. Formal benefit: the conformity of the form and content of information with the requirements of the decision maker.
  - ii. Time benefit: that is, the information is available to the decision maker at the same time as he needs it.
  - iii. Spatial benefit: I.e. easily obtained. Evaluative and Corrective Benefit: That is, the ability of information to evaluate and correct the results of implementing decisions.
3. Effectiveness as a measure of the quality of information: Effectiveness depends on the extent or degree of the company's achievement of its goals, and in relation to information, effectiveness is the extent to which information achieves the goals of the company or decision-maker through the use of limited resources.

4. Prediction as a measure of the quality of information: Prediction is meant to be the means by which past and present information can be used to anticipate future events and results and that these expectations are used in planning and decision-making, and therefore it is certain that the quality of the information is in its predictive ability to reduce the state of uncertainty.

5. Efficiency as a measure of the quality of information: Efficiency is the good use of resources, that is, achieving the goals of the company with the lowest possible use of resources and the application of the principle of economic information that aims to maximize the quality of information at the lowest possible costs that should not exceed the value of information.

After this presentation of each of the characteristics of accounting information and measures of the quality of information, a distinction must be made between both the quality of accounting information and its characteristics. Decisions, while the characteristics are what this information should be, the properties may be available, but the quality is not available if we take the concept of quality as matching with the desire of the user.

#### **IV. E-Payment in E-Commerce**

Based on the research paper that i found on the internet entitle ‘Going Bare: Insurance and the Pre-Existing Condition Problem’ by 15 J.L. & Com. 375 in (1995-1996), he say on that study is there are eighty-one million people in America that suffer many types of illness and the insurance agency will take action as their pre-existing rules that people register. This problem occur when people cannot make a full payment before they reach the existing condition. These people will stay suffer and will only get a half of the damage cover by their insurance plan [VI]. So the studies also make a solution about this problem, he make a few solution about this solution, the first one is insurace agency have to make a limit coverage of their pre-existing rule such as change their period of the pre-existing comdition. Next, insurance agency will have to increase their premium insured in their covered insurance plan when they make a pre-existing condition on people. Finally, pre-existing condition that have been make by insurance agency must also cover more than 50% of their plan covered.

Another research paper that i already found that study about offline payment for a certain insurance company and agency written by Jeffrey Harrell. He say that user nowadays request to make a payment online by using mobile device because it easy to use and can make it anywhere. When a customer want to make a payment about their monthly insurance plan, certain insurance agency or company does not provide online payment transaction, so the customer have to go to the company and make the payment by hand. This problem can burden the customer and can cost losing time [IV]. So he make a solution about this problem in his research. He recommend to insurance company or agency to change the payment method from offline to online method. The online payment are safe and customer can check the payment information by themself. Jeffrey also explain about online payment in his research which is when the customer request to make an online payment ny ombile phone, the

transaction data will be receive in customer's mobile phone and the data will be sent to insurance agency to save the data.

## **V. Conclusion and Recommendation**

The paper discuss key criteria for the offline payment and pre-existing condition problem in the certain insurance agency or company. Several factors influence in the increasing and decreasing the market of the insurance. When an insurance agency have the good and tolerance plan that can offer to customers, that agency will get the higher recommendation in the iinsurance market. So, the insurance agency must have tolerance in making their plan to increasing their own market and to attract customers to choose their service.

E-commerce is the most recommended way to boost up the market of any of the business because we are today in the era of technology. People nowadays most likely to make any transaction online because it can be completed by a second and one click. No more queeing and wasting time to take a number before waiting our turn to settle our problem at the counter. With e-commerce, all the advertisement, transaction or others can be display and use online. With internet conection, we can share many data wherever we are.

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