

Is Cash on Delivery poses challenge to AML? Time for regulators to re-think

There many ways by which today online e-commerce business happens and one such way of buying is using cash on delivery and one of the most popular in developing world, largely due to many a people not on internet or having bank account or have cash which would have been earned but not tracked through tax system.

With greater push by various players to get the economy moving during challenging time, ecommerce is one such area and also has become a fashion statement in the society for people. Many an investment are going to ecommerce business and greater marketing is pushing the growth of this industry and helping larger economy on the positive side. The push is making e-commerce industry as one of the fastest growing sector, understand for e.g. in India it is around \$ 2.5 bn and might go to \$ 30 bn by 2020, this means more of money is being spent by customers. Of the total business today, cash on delivery constitutes major share of transaction, there is an indication of around 40% plus transaction in places like in India happen through cash on delivery.

We are talking digital and also transparency, in such time one of the buying pattern which catches the eye is “cash on delivery”, where a person for e.g. in India can buy goods up to INR 50K and if not found okay, can return the goods and get it back to account, which then can be moved back in the normal channel to meet the day to day needs. An easy way to convert black money to white?

Is it something which regulators need to look at closely and see what can be done to address the potential gap around in e-commerce business which can aid black money.

Reference -

As per Amazon – sharing the return policy on cash on delivery

<https://www.amazon.in/gp/help/customer/display.html?nodeId=201149940>

Payment Method	Refund Method	Refund Time-frame (After the return is received by Amazon)	
		Amazon time-frame to process return and initiate refund	Additional time-frame for the refund to reach you*
Cash on Delivery	NEFT to Bank Account	1 business days	2-4 business days
	Paper Cheque	3 business days	7-9 business days