

ABSTRACT**SYSTEM AND METHOD FOR SECURED PAYMENT AND SETTLEMENT IN NETWORK ENVIRONMENT**

The present invention provides a secure payment and settlement system for customer and merchant to conduct network-based commerce. A unique pair of customer identification code (CustID) and password are assigned by the financial institution to the individual customer. CustID is linked to such financial institution and at least an external account of customer. A unique merchant identification code (MerchantID) is also assigned to individual merchant. The present invention requires a customer to use a customer means to communicate with various parties and supply network address to payment gateway or a merchant for generating a temporary unique shopper identification code (ShopperID). Customer may communicate with a plurality of merchants to conduct a plurality of network-based commerce by supplying ShopperID to individual merchant for identification and generation of respective purchase record comprising non-confidential data of ShopperID, MerchantID and information for the ordered product. Subsequently, individual merchant sends respective purchase record directly to payment gateway memory or stores such purchase record in customer means for subsequent retrieval by payment gateway or financial institution. On completion of conducting network-based commerce with a plurality of merchants, customer sends CustID and ShopperID to payment gateway to confirm each purchase record and to request payment gateway to send CustID and payment requests to financial institution, then sends password directly to financial institution via a secure communication link for verification in order to transfer payment from customer's external account to a trusty account of clearing house. For each confirmed purchase record, payment gateway sends Token-code to customer and Check-code to merchant. Upon delivery, customer exchanges Token-code with deliverer for the ordered product. Deliverer uses Check-code supplied by merchant to verify Token-code supplied by customer for confirming customer as genuine. Finally, merchant sends Token-code to payment gateway for verification and settlement of payment. As such, the present invention enables the deliverer to verify the customer or the authorized recipient as genuine and all parties to identify the defaulter who caused the failure in completing a network-based commerce through tracking the flow of Token-code.

Figure. 1.