

## CONSUMER PROTECTION IN E-COMMERCE

E-commerce is attracting more attention from governments, business circles, as well as international and regional institutions. The increasing importance of this sector is attributed to various factors, ranging from extreme development of using Internet as a means of information dissemination, communication and connection, to the popularity (partly thanks to its affordability) and continuous advances in personal computer application, and widely use of open standards as well.

In normal business activities, a visible and material environment is required for transactions between sellers and buyers. However, in e-commerce, this kind of contact is replaced by the capability of transferring digital information identified, saved and forwarded by computers, therefore the transactions between sellers and buyers may be conducted in a paperless environment. E-commerce is the process of buying and selling through Internet, in which buyers generally visit the seller's website and make a purchase there. In a broader sense, e-commerce involves all transactions in which Internet plays a certain role, i.e. supporting buyers in defining and comparing between different types of goods and/or different sellers.

This new transaction method, therefore, raises many concerns among policy makers, governments, as well as business circles and consumers. Governments must continuously issue normative legal documents and develop suited regulatory frameworks in a rapidly changing technological environment, in order to develop e-commerce, and to ensure that these commercial transactions are smoothly undertaken. In this context, consumer protection is worthy of considerable attention. Without consumer trust, there would be no e-commerce. Therefore, it is essential that we have to ensure that online dealers comply with the law in order to reduce consumer concerns and promote business ethics in e-commerce.

Benefits of e-commerce	Consumer concerns
<ul style="list-style-type: none"> <li>• Consumers being able to access to goods on a global scale and having wider choice</li> <li>• Higher competitiveness and guaranteed service quality</li> <li>• Goods optimised for the majority of consumers in parallel with personalised goods and services</li> <li>• Reducing brokerage, intermediaries and better availability of goods</li> <li>• Higher efficiency at lower costs</li> <li>• Various new business</li> </ul>	<ul style="list-style-type: none"> <li>• Being exploited by ways of unfair trade practices:               <ul style="list-style-type: none"> <li>○ Insufficiently listed information, for example, refund policy in case goods are not as claimed in advertisements, contract cancellation policy, or warranty information</li> <li>○ Contract terms, i.e. how to perform the contract</li> <li>○ Goods and means of delivery, i.e. what to do in case of defective products or late delivery</li> <li>○ Payment, for example how to recollect overcharge in case information about credit cards is leaked to criminals</li> <li>○ Confirmation of transactions and conditions of contract cancellation, for example consumers do not know about the right to cancel online transactions, including mistakes while shopping</li> <li>○ Fraudulence, including lack of means to certify online goods</li> </ul> </li> <li>• Unsafe products</li> <li>• Unsecured payment methods</li> <li>• Loss or disclosure of personal information, leading to</li> </ul>

opportunities and new goods and services as well	violations of privacy <ul style="list-style-type: none"> <li>• Other concerns such as online fraudulence, hackers, virus, financial data accessed and changed, personal information being abused.</li> </ul>
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Researches conducted so far have shown that in 2002, about 619 million people, equivalent to about 10% of the world population, were able to access to Internet. In industrialized countries, there were few people who did not have a globally connected computer at home, or did not work or had no access to Internet through public libraries or Internet cafés. It was estimated that there were about 1 billion people, or 15% of the world population using the Internet in 2005 and online commercial transactions reached approximately US\$5,000bn in the same year. Although e-commerce now is still in the initial evolution stage, the pace of development of this sector is out of the question.

In Vietnam, at present, there are about ¼ of the population (20 million people) having access to Internet and 50 million of mobilephone subscribers. It is calculated that the number of people using Internet in Vietnam will increase by 1.5 times in the next few years. That figure is even bigger than the total population of some countries and constitutes a sufficiently vibrant community to develop e-commerce.

### Challenges

For the full-fledged development of e-commerce, there exist certain challenges to overcome. Among those, two challenges have been mentioned in most of articles, researches related to e-commerce which are: consumers' online security and privacy. These are consumers' foremost concerns when they engage in e-commerce transactions. According to the opinions of some experts from the very beginning of this sector, "for online shoppers, ***security in payment*** is the most important consideration when disclosing personal financial information".

Consumers who are willing to send their credit card number in their personal mail, read the same on phone, or simply give it to a cashier in supermarkets, still find themselves reluctant to type the same number onto computer screens. Even though consumers are having more trust, their confidence may waiver immediately upon hearing news about hackers' break, even with giant firms like Yahoo E-Commerce, in defiance of companies' commitments regarding secure server and encryption technology, which are key methods to deal with security problems related to data communication in digital space.

While there is no doubt that information technology as well as security methods will be continuously advanced, the minimum importance is attached to ensuring consumers about the safety of online transactions they are conducting. A sufficiently adequate and consumer-friendly explanation regarding security and safety functionalities of a website would be an effective means of advertisement. Moreover, normative legal documents regulating this sector need to be passed and effectively implemented in order to certify online dealers and ensure consumer protection in e-commerce.

Many countries around the world have introduced ***payment cardholder protection methods***. These methods help to protect consumers in case of deceptive payment, payment without cardholders' permissions, or other disputes, to enhance consumers' trust in online transactions in general. At present, consumers in these countries are protected (by national laws, or by internal regulations of banking, credit organizations, and agencies that issue payment cards) if payments of lost or stolen cards are undertaken without cardholders'

permissions; if goods bought online are not delivered to the buyers; if goods bought online are not as claimed by the sellers' advertisements; or products simply do not function.

The actual Vietnamese market is slightly different from the world market. Among 20 million people using Internet in Vietnam, it is estimated that most of them are capable of surfing shops, clicking to choose goods but does not know which type of payment to choose when it comes to payment. This is, on one hand, due to the lack of payment gates. On the other hand, the payment gates, if in place, accept only international cards such as VISA cards, Master cards, etc. only. These cards are not owned by everybody here. When comparing in terms of volumes, 80% of them have enough cash, however, only 20% of them have debit cards, and only about 1% of them have credit cards. One common payment method till now in our country is that: consumers pay cash at transaction spots for their online shopping bills, or they pay when the goods are delivered to their home. However, in the future, for strong and full-fledged development of e-commerce, it is essential that online payment methods be ensured and relevant regulatory framework be developed in accordance with international level.

A closely related issue to security is privacy of personal information – which ranks the second among concerns of online shoppers. Request and preservation of private information is the process in which there is a conflict of interests between online sellers/website owners and consumers. Online customers, of course, may be concerned that their privacy would be violated once they have provided their personal information somewhere on the Internet.

Finally, there are many international institutions which are trying to make a joint effort to establish fundamental principles to protect consumers in global-scale e-commerce. However, there is still a big gap between how specific countries deal with specific consumer disputes under national laws and how to deal with cross-border consumer disputes, especially *dealing with disputes in cross-border e-commerce*. This is even a controversial issue in developed economies with a long history of consumer protection. Related issues include: the choice of law and jurisdiction by different countries in the same case, freezing or temporary seizure of assets during disputes, information-sharing about overseas assets, or implementation of judicial decisions related to monetary compensation, etc. Even in some developing countries and emerging economies, dispute handling in e-commerce has not been adequately dealt with in domestic laws or been recognised and regulated by consumer protection laws of that country.

### **In conclusion**

The future of e-commerce has great potential. However, that future is only attainable if consumers have strong confidence in this new transaction method. Online businesses, therefore, need to take responsibility and make the same known to consumers. Meanwhile, the State and businesses need to co-operate to establish a national and international standard system on this sector, in order to help online entrepreneurship meet their obligations more systematically.

Normative legal system regarding consumer protection, which includes consumer protection law, as well as other laws and sub-law documents on such issues as guaranteed transactions, e-signature, needs to be synchronously improved and thoroughly reviewed, with a core focus on consumer interests. In addition, consumers need to be educated, informed about the potentiality of e-commerce and methods of safe online transactions. As a consequence of all these above, the potentiality of e-commerce in our country can be taken advantage of, and will surely contribute to economic development as well as promote consumer interests.