

Consumer attitude toward electronic commerce risks

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الملخص:

حماية المستهلك هي مجموعة الضوابط الاجتماعية والأخلاقية التي تُفرض على كافة العاملين في القطاعات التجارية، وتلزمهم باحترام كافة فئات المستهلكين، وتقديم السلع، والخدمات لهم بأسلوب صحيح ومناسب. و بغرض معالجة الموضوع ميدانيا قمنا باجراء استبيان لجمع البيانات من الجمهور المكون من المستهلكين، تجار الجملة و تجار التجزئة، حيث استخدمنا نظام ميكروسوف ايكسال 2010 لصياغة الدوائر النسبية الموضحة للنسب المئوية المعبرة عن آراء الجمهور لأبعاد حماية المستهلك من التعاملات الالكترونية، و توصلنا الى نتائج تقول الى ان المستهلك الجزائري يتجه لاستخدام التجارة الالكترونية للتعامل خاصة مع الاسواق العالمية و ما تحتويه من انواع عديدة من المنتجات في ظل هذا يبقى هاجس التردد في استخدام التجارة الالكترونية لنقص الثقة في العالم الافتراضي و عدم انتشار ثقافة التعامل الالكتروني في التجارة و الاكتفاء عموما بما تحتويه الاسواق المحلية من مختلف السلع و الخدمات.

Abstract:

Consumer protection is a set of social and ethical controls imposed on all workers in the commercial sectors, obliging them to respect all categories of consumers and to provide goods and services to them in a proper and appropriate manner. In order to address the issue on the ground, we conducted a questionnaire to collect data from consumers, wholesalers and retailers. We used the Microsoft Excel 2010 system to formulate the relative percentages shown for the public's views on consumer protection from electronic transaction. We have reached the conclusion that the Algerian consumer heading to use of electronic commerce to deal especially with global markets, and the content of many types of products under this remains obsessed with frequency in the use of electronic commerce for the lack of confidence in the virtual world and the non-proliferation culture of electronic dealing in trade and generally with all its local markets from various sufficiency goods and services.

I. Introduction:

Today, all across the world, new legislation and rules are being developed, regarding the utterly new type of transactions – The so-called services of the information community era. Such rules determine the legal status of the suppliers of the information community services and govern their obligations to clients (like providing information on the procedures for concluding contracts or cancelling mistaken orders, providing a real opportunity to study the contract clauses beforehand, by means of a technological referral (link) to another document, among other ways, and so on).

Individuals can acquire and realize their rights and obligations in the sphere of electronic trade of their own volition and pursuing their own interests. They are free to state their rights and obligations on the basis of a contract and to specify any of its clauses that do not contradict the legislation. (Kirillova, 2016, 117)

Over the past several years, the digital economy has set itself up as a complex structure comprising a fast-growing number of nodes and links, assets and services which are connected via complex networks made of intertwined value chains. Based on technologies involving a strong connection to the Internet, the digital economy poses new challenges in terms of the extension of products and customer service markets with an unprecedentedly rapid rhythm, as different facts and figures report. For example, the gross revenues generated by only one sector in the digital economy, namely the collaborative economy, doubled in the European Union (EU) in 2015 when compared to 2014, and reached an estimated 28 billion. Moreover, at the moment, nearly 40% of the world's population has access to the digital economy (or the Internet economy), and while the Internet—the means of access to this system—“remains unavailable, inaccessible, and unaffordable to a majority of the world's population”, mostly living in India, China, and the countries outside of the top 20, the situation is rapidly changing. (Gazzola, 2017, 1)

With the advancement in technology, education and the impact of globalization, consumers are enjoying high privileges. They have access to everything at the click of a button; they are using more electronic gadgets and are dependent on online purchases. On the other side it is unfortunate to know that consumers are becoming the main target of exploitation. They are the worst victims of unfair trade practices. Government has implemented new laws and measures to protect the consumers. In spite of government's efforts the consumers are still being exploited mainly because of lack of awareness of Consumer rights. (Devi, 2016, 97)

II. Literature review :

2.1. Digitalisation and consumer behaviour

The digital revolution across wider society continues to shape general consumer behavior and preferences that in turn influence consumer expectations in the financial services sector. Consumers increasingly expect a consumer centric, seamless digital experience when buying financial products and services or engaging with their financial service provider.

Widespread Internet use and the growth of smartphone and tablet use are driving consumer preferences for online and mobile platforms. In 2016, 87% of households in Ireland had access to the internet at home and 83% of individuals used mobiles or smartphones to access the Internet. 2 70% of Irish individuals use the internet every day, up 15% since 2013. 3 64% of individuals had also banked online. 4 According to 2016 research, 78% of Irish consumers “manage their money or make payments using a mobile device.” 5 And these trends were not just observable in younger demographics. The same 2016 survey found that nearly 60% of people aged between 55 and 64 years had used their mobiles for banking and that this age category was growing at the fastest rate

of 33%.⁶ These trends are reflected in the approaches of many Irish firms that increasingly emphasize the primacy of digital in all aspects of their business. They are also reflected in the emergence globally of new products and services such as short-term or “pay as you go” home or motor insurance that reflect trends for short term rentals of cars or homes in the “sharing economy.”

Consumers in Ireland for example are also rapidly adopting to new technologies. Research published in March 2017, found that the use of contactless payments through debit cards in Ireland has nearly tripled in the past year from 1.3 million a week in March 2016 to nearly 3 million a week in March 2017.⁸ Recent Central Bank statistics on credit and debit card use show a 14% increase to over €2.7 billion in the use of point-of-sale debit cards in March 2017 on the same month in 2016.⁹ The more recent introduction of Android Pay and Apple Pay in Ireland is likely to accelerate the contactless trend. These mobile payment services allow consumers to purchase goods or services instore, online or through apps using a range of devices including smartphones, tablets and technology-enabled watches. (central bank of Ireland, 2017, 13)

2.2. Data protection and privacy online:

Powerful digital technology enables companies to collect, store and share vast quantities of consumers’ personal data. Many consumers understand that access to some data is necessary to support functionality, but few are aware of why other information, such as location or shopping habits, is collected. Neither do they understand their rights over their own data. Seventy-two per cent of people do not know what information is collected about them by companies online, and only 31% say that they know what rights they have with regard to this data.¹⁹ Globally, 83% of people agree that there should be new rules about how governments, companies and other internet users use their data. But developing effective rules is challenging, with information remedies often the fallback option. Given what we already know about the limitations of information remedies, policymaking is shifting toward a more pre-emptive approach toward consumer protection. ‘By Design’ frameworks based on proactively embedding privacy, security and safety into the design and operation of IT systems, networked infrastructure, and business practices are popular.

Some companies are leading the way in trusted data practice that gives users more control, either by adopting such frameworks, incorporating privacy into the original design of a product or service, or by clearly explaining how customer data is used, and enabling different options.

Concern about how much data is collected; loss of privacy, security risks and other consequences is growing. In 2016, 57% of consumers worldwide reported that they were more concerned about their online privacy than they were in 2014.²¹ Alongside concerns, many consumers would welcome the opportunity to get more value out of their data, for example by having more control and access so that they can make better decisions or understand more about their own behavior. (International consumer, 2017, 10)

2.3. Consumer Protection Issues in Free Trade Agreements

The EU has closed several association agreements with third countries either in the EU or outside the EU. Such agreements establish customs unions or a closer cooperation in the form of free-trade agreements (e. g. CETA). Such forms of association have in common that, in general, the associated partners are not obliged to adopt EU legislation. Consequently, the consumer protection level provided by the legal orders of the associated countries may fall short in comparison to the EU consumer protection level. Where this is the case, the protection of EU consumers depends on the applicability of Member States legal orders having implemented the EU standards as described under point 3 for the WTO model.

However, modern free-trade agreements try not only to achieve economic gains by abolishing tariffs but are also aiming at reducing non-tariff trade barriers by means of regulatory

cooperation. Instruments of regulatory cooperation are for example information exchange, mutual recognition of certain legally required standards and legal harmonization. In the course of negotiating TTIP and CETA, critics argued that, in particular, such instruments of regulatory cooperation have the potential to undermine the high EU consumer protection level.⁷³ Challenges to find a suitable solution for both sides may, in particular, occur, if the regulatory approaches of the contracting parties differ. For example, the field of consumer and environmental protection in the EU is governed by the precautionary principle (see Article 191 (2) TFEU), while the US regulation follows a science based risk assessment prior to regulation.⁷⁴

The question, if a potential free-trade-agreement with the UK will raise concerns with regard to consumer protection, cannot be assessed at this stadium. Concerns regarding the EU consumer protection do not depend on the closing of an agreement as such but on its content. *Inter alia*, consumer protection should be taken into special consideration when negotiating the following topics:

- Information exchange should require a comparable data protection level.
- Where forms of mutual recognition are agreed on, it should be ensured that the recognised standards are equivalent. Otherwise there is a risk that the more ambitious standards are undermined.

Further, it should be ensured that investment protection rules do not hinder to enact, apply and enforce reasonable consumer protection regulation.⁷⁵ To avert this risk it could be considered not to grant investors the right to claim damages for possible violations of investment protection rules due to consumer protection measures. Otherwise, liability risks could be a factor for consideration in the legislative procedure impeding effective consumer protection regulation. (IMCO Committee, 2017, 24,25)

2.4. The revised Recommendation for new Key developments in e-commerce

Following its thorough review, in 2014, the Committee agreed to revise the 1999 Recommendation to address the challenges identified and achieve effective consumer protection while stimulating innovation and competition in the market. Key new developments in e-commerce addressed by the revised Recommendation include:

- **Non-monetary transactions.** Consumers increasingly acquire “free” goods and services in exchange for their personal data and these transactions are now explicitly included in the scope of the Recommendation. Governments and stakeholders are called upon to consider ways to provide redress to consumers experiencing a problem with such transactions.
- **Digital content products.** Transactions involving digital content often come with technical or contractual access or usage limitations and many consumers have difficulty understanding their rights and obligations. New language has been added to clarify that consumers should be provided with clear information about such limitations, as well as on functionality and interoperability.
- **Active consumers.** Current e-commerce business models increasingly blur the boundaries between consumers and businesses, with consumers playing a participatory role in product promotion and development, and entering into transactions with other consumers. The scope of the Recommendation has therefore been broadened and it now encompasses business activities that facilitate consumer-to-consumer transactions. A new provision is added to ensure that consumer endorsements are truthful and transparent.
- **Mobile devices.** The growing use of mobile devices for e-commerce brings a number of technical challenges to making information disclosures effective (e.g. on small screens) and can constrain record keeping by consumers. Two new provisions are included to highlight the need to account for the technological limitations or special characteristics of the device used
- **Privacy and security risks.** Consumer data is at the core of many e-commerce services and elevates privacy and security risks. The Recommendation recalls the need to address these risks

consistent with other OECD instruments and includes two new provisions highlighting specific protections of particular importance for B2C e-commerce.

- **Payment protection.** Recognising that the level of payment protection can vary depending on the type of payment mechanism used, the Recommendation calls on governments and stakeholders to work together to develop minimum levels of consumer protection across payment mechanisms.
- **Product safety.** In a number of countries, a range of unsafe products, which have been prohibited from sale or recalled from the offline retail market, are available in e-commerce. A new provision is added to ensure that unsafe products are not offered to consumers online, and that businesses cooperate with the relevant authorities to address the problem.

In addition, the Recommendation updates several other provisions. One relates to the essential role of consumer protection authorities and the need to enhance their ability to protect consumers in e-commerce and to exchange information and co-operate in cross-border matters. Another calls for improving the evidence base for policy making in this area through empirical research based on the insights gained from information and behavioral economics.

The revised Recommendation was developed by the CCP, working in close consultation with business, civil society, and the Internet technical community, under the leadership of its current Chair, Nathalie Homobono, and former Chair, Michael Jenkin. During the preparation of the Recommendation, the CCP intensified its co-operation with other international forums, such as the United Nations Conference on Trade and Development (UNCTAD), the Association of Southeast Asia Nations (ASEAN) and the International Consumer Protection and Enforcement Network (ICPEN). (OECD Recommendation, 2016, 4, 5).

2.5. Consumer challenges in e-commerce in developing countries

Based on responses to the UNCTAD questionnaire on consumer protection in e-commerce, circulated to consumer protection agencies around the world, some of the most common e-commerce challenges faced by consumers in developing countries are in the following areas:

- Weak Internet infrastructure, including speed and reliability
- Unstable communications network
- Relatively low online connectivity and insufficient electricity supply
- Language barriers
- Deceptive information and marketing practices with respect to both goods and services and prices
- Misleading advertising
- Lack of clear and sufficient information on both the identity and location of traders, as well as goods and services, prices and guarantees
- E-commerce offers made by anonymous traders
- Drip pricing practices, where the final amount due is not known until the whole process is complete
- Uncertainty on merchantability of goods

- Monetary refunds for non-satisfactory products
- Non-fulfillment of return or refund policies announced on trader websites
- Long and tedious refund process
- Expenses for returning goods to be covered by consumers
- Data security and online scams, identity theft and frauds
- Irreversibility of electronic payments
- Security of online and mobile payments and chargeback options
- Unclear information on chargebacks and withdrawals
- Denial by e-commerce websites of responsibility for online payments that are blocked by banks or payment gateways
- Fraudulent and fly-by-night operators who take money from consumers without providing products or services
- Protection of personal data and privacy
- Electronic identification and authentication tools
- Late or non-delivery of products or delivery of defective, wrong or spurious products
- Non-provision of promised services or offered gifts
- Non-compliance with legally established cooling off periods
- Insufficient or non-existent customer care
- Denial of after-sales service
- Lack of consumer awareness of their rights and duties, as well as those of businesses
- Lack of basic information technology skills and financial literacy
- Concerns about dispute resolution procedures.
- Resistance to or delay in providing redress by financial institutions upon receiving consumer complaints, requiring intervention by consumer protection authorities
- Competent jurisdiction and applicable law with regard to cross-border e-commerce disputes.(Trade and Development Commission Intergovernmental Group of Experts on Consumer Protection Law and Policy,2017,4,5).

III. Framework applied

In the following points we're going to present the Mythology of empirical study through its steps point by point from the objective to hypothesis testing.

3.1. The main question:

The main of this study as following: What is the consumer's attitude towards the risks of e-commerce?

3.2. Objective:

We try to discover through this study the consumer's attitude towards the risks of e-commerce through some indicators.

3.3. The hypothesis

We try to test the following hypothesis by sequential points with Microsoft excel 2010. The consumer seeks to deal electronically Due of its advantages, but it deals cautiously with electronic commerce

3.4. Study context: Society, Sample & The temporal-limits:

The population of this study includes all the customers and Merchants in our zone Constantine and Mila. Where the Sample studied includes 100 available customers and Merchants in this area. The study was conducted on the period from the 2 January 2018- to the 26th of 2 January 2018.

3.5. Methods:

We'll depend on the Surveying descriptive and empirical discipline by design a proper questionnaire based on Ratios .also simple customers and Merchants.

3.6. Tools & Software

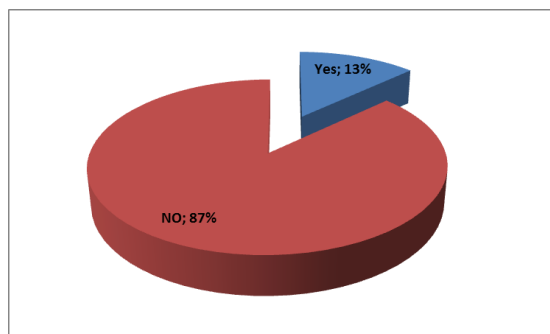
To analyze the data, we are going to use the Ratios of each Question to Explain the distribution of answers by customers and Merchants and try to analyze them.

3.7. Questions and explanations

Question 1: Has ever practiced electronic commerce?

Yes (13%) No (87%)

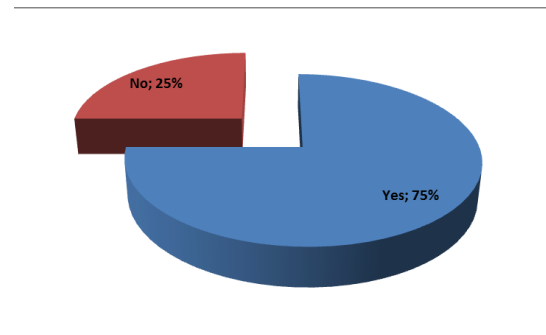
Figure shows that 87% of the sample does not use e-commerce that means the Algerian public has not yet reached at use of electronic tools in the commercial transactions.



Question 2: Have you ever been cheated on e-commerce?

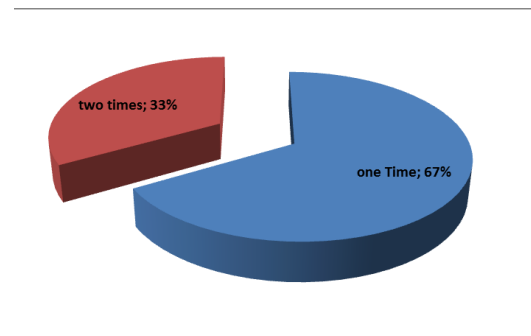
Yes (75%) No (25%)

Figure shows that the consumer has not exposed to commercial fraud often, where 75% of the sample even exposed. they declare at one time or twice at the most.

**Question 3: How many times have been exposed to commercial fraud?**

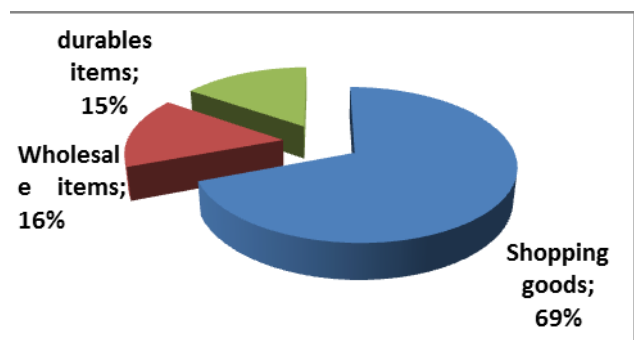
Once (67%) twice (33%) more than twice (00%)

The figure shows: the vulnerability of a minority of consumers to fraud in e-commerce, according to their statement, once or twice during their all operations.

**Question 4: What kind of products do you purchase electronically?**

Shopping (69%) Durables (15%) Wholesale Items (16%)

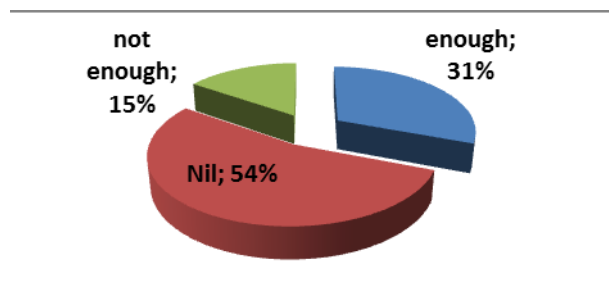
From the figure, the customer's use of e-commerce is considered to be the first to buy shopping items because of the lack of daily needs on the one hand, in other hand the length of the waiting period of commerce operation, and do not resort to durable goods of their high price and lack of confidence in dealing in big amounts.



Question 5: Are electronic consumer protection laws sufficient?

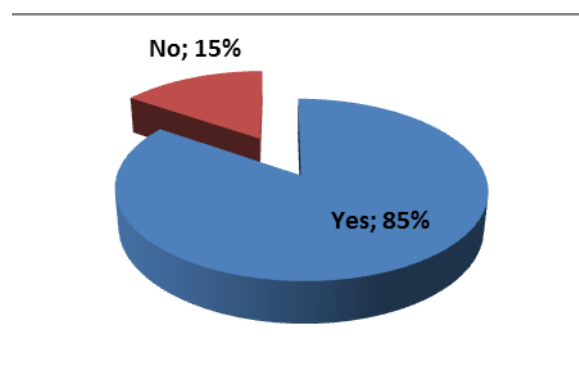
Sufficient (31%) Somewhat (54%) Not enough (15%)

Consumers are less confident in laws that protect consumers from their virtual nature and lack of experience in this protection.

**Question 6: Do you advise people to use electronic purchasing?**

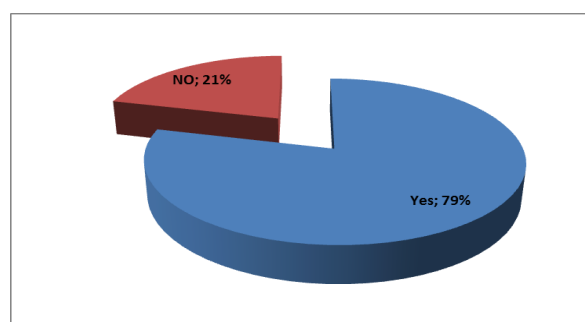
Yes (85%) No (15%)

The figure shows that the Algerian consumer recommends the use of electronic commerce in the purchase of goods, especially shopping goods, because of the availability of world markets of distinctive goods in terms of design or services attached and warranty can be obtained electronically.

**Question 7: Do you think that the consumer can reduce the commercial fraud:**

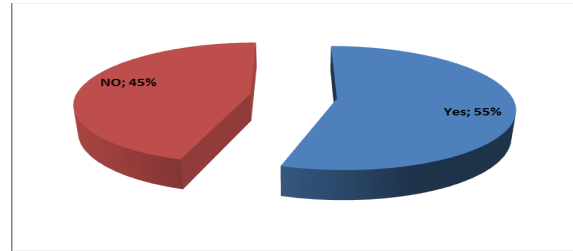
Yes (79%) No (21%)

It crosses the corresponding figure for the extent of the ability of the target audience for the fight against commercial fraud, which represents 79% of the views and using various means, such as complaints, to refrain from consumption ...

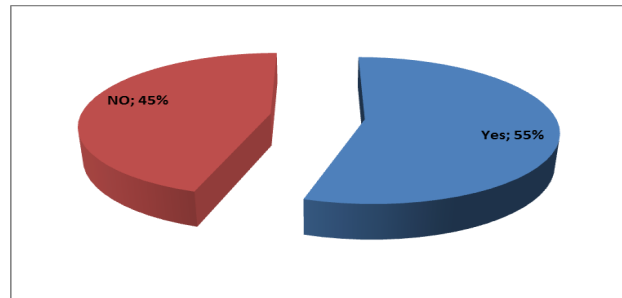


Question 8: In your opinion, is there enough consumer awareness about commercial fraud?**Yes (55%) No (45%)**

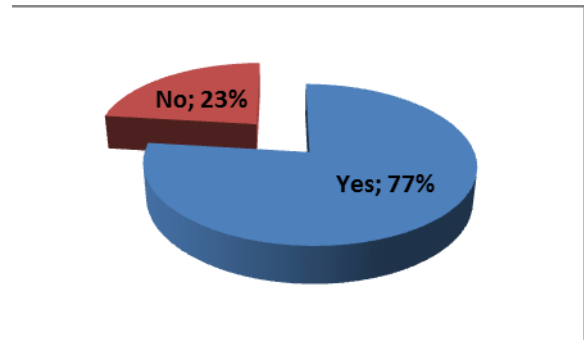
The corresponding figure expresses the public's views on the existence of sufficient consumer awareness about commercial fraud in the form of public benefit campaigns, civil protection and consumer protection organization.

**Question 9: Do you support preventing the entry of items that are not written by the country of manufacture?****Yes I support (55%) I do not support (45%)**

The corresponding figure expresses the public's views on the existence of sufficient consumer awareness about commercial fraud in the form of public benefit campaigns, civil protection and consumer protection organization.

**Question 10: Do you see electronic commerce as a solution for the Algerian buyer and seller?****Yes (77%) No (23%)**

It is clear that most users of electronic commerce recommend using it, as it provides the consumer with access to other forms of goods, available in the world markets at various prescriptions and prices are acceptable, especially from East Asia.



IV. Conclusion

Lack of e-commerce culture due to lack of confidence in electronic payment and lack of awareness of the existence of laws that protect the consumer of electronic necessitates the development of clear laws and protection of sites, and the consumer is not exposed to the most often commercial fraud and even an event due to lack of awareness and culture of consumer technology use In the purchase process, such as not paying attention to fraudulent sites, the purchasing process is not complemented by its components.

Business transactions in Algeria have not risen to deal electronically and have remained confined to traditional transactions of low confidence on the one hand and non-proliferation of the culture of online purchasing to the weakness of the latter, so the Algerian consumer still prefer to use the traditional method of trade because of the availability of its basic requirements through it either on e-commerce In goods not available in local markets or leisure goods.

Refrain consumers and traders often about complaints against counterfeit goods because they provide their profits for traders and economy in spending for consumers. Where we have found Advertising campaigns do not have a significant impact on rationalizing consumer behavior because the consumer has no alternative to the same benefit at the lowest cost. Alternatives of goods and services must be provided with the same net value as counterfeit goods.

Algerian consumers generally support prevent the entry of goods that are not written by the country of manufacture, and for lack of confidence in the validity of these products and quality to meet their needs.

Global markets represent a refuge for many traders who do not find the necessary commodities in the local markets and for the difficulty of purchasing and accessing them. They choose to deal electronically with the advantages it offers such as choosing the specifications of the commodity, delivering the goods in the specified place for a small amount. Algeria can invest in trade. Especially to deal with the outside, in order to cancel the movement and accelerate the pace of selling and buying and give the dynamics of the economy.

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