

E-commerce fraud cases on the rise, says ministry

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The Ministry of Domestic Trade and Consumer Affairs (MDTCA) today said it receives an average of 2,500 complaints monthly on e-commerce fraud.

Minister Saifuddin Nasution Ismail (*above*) said he is concerned about the sharp rise in complaints involving e-commerce.

Other than fraud, Saifuddin Nasution said the price hike on food and drinks were also among the complaints received.

"Now the number one complaint by consumers is online fraud, which revolves around items purchased online that don't reach consumers, ordering an item that turns out to be not as advertised, receiving different items altogether and receiving damaged goods," he told reporters at the Lazada Wecommerce Satellite Tradeshow.

The event today is a lead-up to Lazada's upcoming Wecommerce 2019 sellers summit, which aims to share best practices and engage in business matching opportunities.

Saifuddin Nasution said the initial idea of e-commerce was to give great deals and to ease consumers, but if online fraud is not curtailed, it will affect consumers' confidence.

"Firstly, to improve digital e-commerce in Malaysia, we must enhance our ability to combat the rise of e-commerce fraud," he said.

He said in July 2018, cases of e-commerce fraud ranked second in the frequency of complaints to MDTCA at 18.6 percent of total complaints.

However, he said this number has been steadily rising, and last month, it became the most frequent complaint received by MDTCA at 26.2 percent of total complaints.

He said e-commerce platforms must devise efficient mechanisms to prevent e-commerce fraud and to process refunds swiftly.

"On the ministry's part, we have developed and published two guidelines, the 'Consumer's Guide in Conducting Electronic Transactions' and the 'Seller's Guide on e-Commerce Business' as a reference for consumers and sellers alike on how to minimise the risk of online transactions, and the laws and regulations that online merchants must follow," he said.



Further, he said through the Companies Commission of Malaysia (SSM), the ministry has introduced SSM BizTrust, a digital certification which certifies that an online business entity has complied with important criteria of accountability such as business registration, online security and privacy protection.

This initiative aims to help users conduct safe online transactions and prevent them from becoming victims of fraud.

"However, I would also like to note that the government and e-commerce platforms can only do so much.

"Consumers must also play their part by being vigilant against the signs of online fraud and report any suspicious behaviour to the respective e-commerce platforms or the ministry," he said.

Secondly, he said, online platforms have to increase the speed and convenience of deliveries.

According to a recent survey by Parcel Perform and iPrice Group, Malaysia has the longest online shopping delivery times in the Asean region, with deliveries taking an average of 5.8 days, compared to the regional average of just 3.8 days.

Long delivery times might cause e-commerce platforms to lose this comparative advantage, said Saifuddin Nasution.

Thirdly, he said, online platforms have to increase the visibility of local brands and products on e-commerce platforms.

"A quick glance through most e-commerce platforms would find that the front pages are dominated by foreign products, with local products placed few and far between.

"This leads to a lack of visibility and awareness of local products.

"Further, it is also a worrying trend as our local SMEs are not fully enjoying the benefits of the advancement of Malaysia's digital economy," he said.

Saifuddin Nasution said local sellers must be taught how to market their products, increase their online presence and beat their foreign competition on aspects such as quality, price and localisation.

Further, he said consumers also have to realise that buying local products creates local job opportunities, stimulates the domestic economy, reduces foreign outflows and leaves a positive impact on the national economy.

- *Bernama*

