

# **Risk Of Online Transaction**

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## **Abstract**

These Paper Discusses the Concept of Risk Associated with “Online Transaction” . Where as Online transaction have become an Integral Part of our Daily Life for Various activities including from Basics Purpose to Advanced . These is Qualitative Research which Includes the Primary Survey Using Snowball Sampling Methods among Different Online Platforms . It Includes Data of 60 Respondednt , Age of Respondent lies between 14 Years to 55 Years . Here Individuals preference Regarding Risk Associated with Online Transaction has to Noted and to be Examined Togeather with the Factors in detail and Awareness Techniques . While Online transaction Offers Convenience , and Obviously with Huge Risk . Like Frauds, phising , Cyber Attacks and Others. These Paper Analyze’s the Consumer Trust in Online Transaction and their Platforms and suggests the Remedies to Protect and Reduce from the Risk of Online Transactions. Moreover Transaction Uncertainties & Assymetry Information is Major factor which influences the E-Commerce between Buyer and Sellers . Thus , It Adresses these Uncertainty and Reduce the Barriers in E- Commerce Transaction and Boost the Consumer Confidence and Ensured Smooth Online Transaction .

## **Introduction**

The United Nations conference on Trade and Development (UNCTAD) in their report published in 2001 , Defines the concept of ‘online transaction’ as , it is a internet based Medium through which financial and payment action occurs. Online Transaction has become a part of the Human life as it provides quick services for E-commerce Activites (the purchase of goods & services through electronic transaction) . These Put an end to the Physical visiting to the Institutional body. Provides an option to compare the product and their prices as per consumer preferences . Online transaction is done through different Payment gateway

available such as , Banks online transaction platform(Net banking), Mobile application (Phonepe, paytm, google pay.etc) inorder to fullfil their Purchasing demand, fund transfer, Bill payments and many others.

Contrast to the benefit on online transaction there's a big issue called as "Risk of online Transaction" . As per the Li and Haung , People tends to purchase Non-online rather than online , inorder to avoid the Risk of online transaction . which happens in form of Privacy breaches, Money losses, phising websites, Attacks related to trojan houses, Friendly fruad, credit card fraud, Account takeover related fraud . Covid-19 situation which bring rise in E-commerce & online transaction ,thus to reduce the physical interaction . as increase in online transaction leads to increase in Online scams & attacks . As per the 'Juniper Research' Report the Asia Region is the largest hub for online transaction fraud . it estimated to be total online transaction fraud of \$54 billion by 2025 . India is the leading country in the online transaction followed by Brazil, china , Thailand , & South korea . where as the Countries which faces online transaction fraud are Venzuela, China, Brazil, Romania, India . Togeather with Increase in Technological Advancement , The fraud are also increasing .

## **Literature Review:**

Gupta & Gupta( 2019) in his research discuss that online transaction is risk to different kinds of frauds, like hijacking also known as phising, catfishing by identify theft & Malware practices . He suggest that in order to Reduce these it needs strong measure like , two factor authentication , avoid use of Unauthorized Application for online transaction . these will reduce the fraud , As per my research these factor is not enough to cater these critical issue of fraud. It needs advanced authentication , like Introduction of Artificial Intelligence(AI) in the transaction method , thus it can detect any malware practices quicky and inform the consumer about fraud .

Ayo & Oni( 2019) They did the analysis of the different factors which affect the customer to acquire the security measure during Online banking proceddure. They Mainly discuss the three factors , which are (1) customer awareness ; where customer should have Rational information related to the Banking transaction risk & how to avoid and tackle them . (2) Risk Evaluation ; The coustomer should evalute the risk of transaction they r engaged in ,wheather the transaction in which they are engaged in is Big, medium or Low Risk . according to that they should take risk meausre . (3) Online Transaction faith ; it is important factor as it defines the trust regarding the online transaction , if they have strong faith and trust on online transaction than they should do , or they should avoid or take precautionary measures.

Chiu et al. (2023) in their research they defines that how the trust of the consumer makes impact on the E-commerce transaction or Online shopping transaction . in their study they found something intresting that If the Online platform of E-Commerce is safe than consumer will do more E-commerce transaction as that platform had gain the Trust of the Customers . and other factors are Perceived Risk and Perceived Uncertainty , which define that how much conumer assume the have risk in online transaction and Uncertainty define that customer don't have any certainty about the risk associated with the Online transaction . Thus as per Author the Online platform of E-Commerce or Online Stores should focus on making Trust in their online transactio by providing quick assistance in case of Uncertainty, through making hassle free Payment plantform and Policies .

Jarvenpaa & Tractinsky, (2002) in their research Highlight the Trust issue of Consumer Realted to E- Commerce shopping , that wheather the goods and services what they Belief to have is really same after the Delivery, thus it Reduces the Online Transaction , due to loss in trust . Author suggest that in order to boost Online trnsaction the E- commerce platform to make their platform as professional , there should Transparency between the seller and buyer about the Goods & Services . thus they can bulid the Trust , which will Rise in E- Commerce and Reduce 'Risk of Online Transaction' .

Featherman & Pavlou, (2003) defines about the Perceived risk in online Transaction , which indicates that customer create his own assumption related to risk of online transaction , that what if his/her money get debited but Payment not get successful , Phising , Data theft , Identity theft and many others . therfore there is need to reduce the problem of 'Perceived risk' in order to reduce the Risk of online transaction and enhance the E-Commerce Transactions.

Grabner-kräuter & Kaluscha, (2008) in his Research , defines about the E-Commerce Uncertainties and Categorized the Uncertainties into two part , which are (1) Technical Uncertanities Risks – which arises due to the website glitch, Payment stuck during transaction , Low standard of Payment interface glitch , Security Issues, Identity theft . (2) Transaction Uncertainties or Asymetric information buyer and sellers – it defines the Asymettric information between buyer and sellers regarding products , imagine if you are purchasing any commodity through E- commerce than you will worry about the product , wheather the product will meet your expectation what you believed or not . In these

Uncertainties , the Buyer have to be confident about the product , thus to make the E-commerce transaction successful.

Reichheld and Schefer, (2016) discussed about the Trust in E-commerce Transaction , if Business create a trust among the consumer than there is a smooth E-commerce transaction occurs . otherwise that Business becomes Failure without Trust . To understand these Concept he defines he supports an example that , If consumer wants to Purchase Mobile Phone through E- Commerce than , Consumer will choose that platform which he Trust based on the Information and faith of the other customer for that Platform . As customer will be confident in doing Business With Trustworthy Firms, as Trust is the Building Blocks of the Foundation , if foundation will not strong than you will not feel safe in that Building.

Rose et al. (1999) they highlighted the term called ‘ Technological Impediments’ which describes about the hindrance in online transaction due to the technological theft and data breaches , which becomes a big factor for Businesses to start the E-commerce Business for selling and purchasing the Products . It is like a Roadblock .

Chen and Barnes(2021) discuss about the Risk factor affecting the Online transaction and also what stuff consumer will buy online which will rise the Risk, like Fraud, Data Breaches, Identity theft . which can happen when hackers steal the Consumer Personal information as well as other Information from Online Server . These Risk might make consumer worry for Online shopping and transaction .

Jones et al. (2023) their team examined about the physiological factor which affects the Consumer for Online transaction . they defines that what and why consumer gets Nervous before doing Online Transaction . they found the Reasons is dependent on the Factors like Fraud, Security, Return Policy , Identity theft , Customer supports . if they feel that the platform is secure than they feel free to do online transaction , otherwise they avoid doing Online Transaction .

Smith & Karaman, (2019) brings the Concept that how New Technologies can Protect and Reduce the ‘Risk of Online Transaction . They provided a concepts which are (1) Encryption ; These methods shuffle the details Of a customer Credit or Debit card in continuous interval and converts the Information into a Secrete code, which can’t be identified by hacker if he steals the Data . (2) Authentication Methods ; in these the Automated system in Online transaction confirm more than one time , that is may be two or three times in different way while doing Online payment ,Inserting Strong Passwords , by sending Otp, Fingerprint

verification , Eye scanning verification . (3) Secure Payment Platform ; Every platform should be Verified by the Standard Authority and Regulated Under their Provision , as ‘RBI’ In India Regulates them inorder to fulfill the Safe and Secure Payment with advanced Methods and Provision . By these all it makes safe and smooth Online Transaction Between Buyer and Seller & Reduce the ‘Risk of Online Transaction ‘ .

Mishra & Kumar, (2023) Describes about the Regualtory Framework of Each Industries and firms regarding Online Transaction . They proposed that there should be Rules & Regualtion for each and every firm online transaction policy to ensure Safe and Secure Online Transaction . There should be Transparent information available to public of their Product and services . Their should be Regulatory bodies , which periodically investigate the Policy is being carried out fairly . when companies will start following these Rules , than the Risk of Online transaction wil get reduced .

### **Objective :**

The Objective of these Research is to Identify the Individuals Preference Regarding the ‘Risk of Online Transaction’. To Examine what are the Factors which Creates a Risk in Online Transaction , which type of consumer Ready to bear a Risk and which consumers Avoid taking Risk . What are the Meaures an Individual or Group of individual should take in order to Reduce the Risk of Online Transaction . Discussion of the Real life fraud or issue which was faced by an individuals from the Primary Survey . Which type of Platforms are Not safe for Online transaction . Discussion about the Existing Security Measure Advantage and Disadvantage . Future Perspective and plans to Reduce the ‘Risk of Online Transaction’. Laws and Legal framework to Enhance or Improve the ‘Risk of Online Transaction’ .

### **Data & Methodology :**

The Data Collected by asking Various sets of Questions through Primary Online Survey Using Ms Office form , in a well Organized and structured manner . We Used The ‘Snowball Sampling’ Method (In which The Survey form was requested to forward/ Pass to their Respective Contacts ) . From Total of 100 Targeted Audience for Sample Collection , Finally Received 60 Responses for these Survey which is used .

These Survey Include Total of 11 Questions , Which is Divided into 2 Categories

1 . weather they Face Any Issues Related to Online Transaction , if they than Discussion and many Questionnaire available for that Participant .

2. If they don’t faced any Issue Related to Online Transaction , than They have Different questionnaire .

These Paper Research type is Qualitative in Nature , where we analyze the Data Collected throgth the Online Survey . or we can say that we measure the Risk of Online Transaction using Individuals Behaviour . In these the Methodology include asking Different types of Questions which was Experienced by an Individuals while doing Online Transactions , thus we will Find and Analze the Data , further we will discuss in Result Section.

The Questionnaires Incudes as folows ;

*1. How Often Consumer make Online Transactions like for Shopping , Bill Payments , Money Transfer ? And the Options Includes as follows ;*

- Daily
- Weekly
- Monthly
- Rarely

*2. Types of Online Transaction in which consumers are Engaged in ? and the Options includes as follows ;*

- Shopping
- Bill Payments
- Money Transfer
- Online Banking
- Others

*3. The Level Of Concern about the Security Risk Associated with Online Transaction ? ? and the Options includes as follows ;*

- Not Concerned at all
- Slightly Concerned
- Moderately Concerned
- Very Concerned
- Extremely Concerned

*4. What are the Main Concerns Regarding Online Transaction ? and the Options includes as follows ;*

- Unauthorised access to Personal Or Financial Informations
- Identity Theft
- Fraudlent Transactions
- Malware or Virus Infections

*5. Ever Experience any issue or Incident Related to Online Transactions like Fraudulent cahrges , Hackings , Theft . etc. ? and the Options Includes as follows ;*

- Yes
- No

*6. If the above options is Yes than please Specify or Describe the Issue ?*

*7. What Precaution should take to Protect Consumer while Conducting Online Transactions ? and the Options Includes as follows ;*

- Using Srong and Unique Password
- Enabling Two Factor Authentication
- Checking for Secure (HTTPS) Conection
- Avoiding Public WIFI Networks
- Others

*8. What Factors Influence The Decisions to Trust an Online Platform or Website for Transactions ?*

- Brand Reputation
- Recommendation from Friends or Fmily
- Positive User Reviews
- Secure Payment Options
- Transparency about Security Measures
- Others

*9. Would you willing to pay Extra for Enhanced Security features During Online Tranactions ?*

- Yes
- No

*10 . Do you Believe that Online Transactions are Generally Safe ?*

- Yes
- No

*11. How do you Think Governments and Regulatory Bodies Could Beter Protect Consumers during Online Transactions ? Specify your statements .*

## **Result & Discussion :**

The Online Survey of 60 Respondent , whose Result is to be Discussed here . The Key findings for each Questionare are as follows ;

In these Survey we found that Majority of the Respondents , i.e , 73% of them are Engaged in Daily Transaction , where as 18% of them do Weekly Transaction , 7 % of them do Monthly basis Transaction and 2% of the Respondent do a Rarely Transaction.

When comes to Type of Online Transaction , Majority of them Involves in Shopping transaction (36%) , Reamining Money transfer to Friends/ Families (27%) , Bill payments for Recharge , Subscription charges includes 20% , Online Banking includes 11% and Remaining 1% Remaining Transaction .

When Asked About the Risk Level regarding Online Transaction Majority of Respondent agreed that they are Moderately Concern ,i.e 43% . and There's a Same proportion of Respondent who are Slightly and Very Concerned about the Risk of online transaction , which consist 30% to both . and 12 % of Respondent are Extremely Concerned . and None of them are Not Concerned .

When comes to the type of Concern , 37 % of Respondent Belived the Reason of Risk is "The Unauthorized access to Personal and Financial Information " , 29 % Belived about the Fraudlent Risk , 21% for Identity Theft , 13 % for Malware & Virus Infections and Reaming 3% gave Other Reasons .

When Asked about the Uncertainty Or Issue Faced During Online Transaction , 52 % of Respondent Agreed as a Victim during Online Transaction and Reamaining 48 % haven't Experienced any issue During Online Transaction .

Whoever Agree That they Have Experienced Some Issue Related to Online transaction , Some of the Highlighted Reasons which they Provide as as follows ;

The Following Reason By Respondent Regarding " Risk of OnlineTransaction "	
A crowd funding site called me and convinced me to donate some amount. But, later it turned out that it was a fraud organisation. They also promised 80 Cr exemption and actually sent a receipt.	A lot of time card details are asked for few websites saying they want to verify the bank and then you can cancel anytime but they keep the records and if we buy they just directly access the details which is dangerous.



I dont get any refund when i returned my order and i also complained for this but they don't take any step for my refund	Experienced Fraud while Just dial, when Taking doctor appointment
It is very bad experience . I sent money to someone anonymous person in greed of lucky draw . I didn't Received backed any amount . And get Blocked from them .	I had purchased an item from auction and paid the amount through online payment mode, the scammer collected the payment and then disappear without sending the purchased item.
I was presented with a QR code that purportedly facilitated a payment to a vendor for goods or services. Believing the transaction to be genuine, I scanned the QR code using my UPI-enabled payment app and proceeded to authorize the payment. However, to my dismay, it later became evident that I had fallen victim to a fraudulent scheme. The payment made via the QR code did not reach the intended recipient but instead ended up in the hands of a fraudster.	Somehow got 7k deducted from my A/c. Later got to know that it was hacked by someone and he transferred that money to some wallet instead of transferring to his own A/c so that his indentity remains secret.
Many a times the server is down which causes failed transaction.	Money debited from person's account after sharing OTP.
Amount debit, but not received	Some times i get fraud messages Contionously
Money got debited from my bank account but it didn't showed in creditor's bank account.	Someone claiming to be from my bank , asking my Account details and send link to click , immediately after clicking the link my account money get deducted
Someone fraudulently took a car in my name through phishing .	When i ordered food through ONDC Platform , money Gets deducted bt food didn't get delivered.

The most prominent thing which i come across is as follows, amount gets debited from my account but doesnot get credited to the actual party with whom i am transacting.

Sometimes money has been deducted from the payer account but not credited to the payee account and it takes 7 to 8 working days to get back that money again.

What Precaution and Saftey Measure to be Taken to Avoide the Risk Online Transaction , Than 37 % of the Respondent Suggests to " Use Stong & Unique Passwords “ , 24 % goes for “ Enabling Two factor Authentication Method , 254 % Suggested to avoid Using the “ Public Wifi “ . And Remaining Suggest to Check Secure https(14 % ) .

When asked about the Factor which Gain Trust for Online Transaction , It Examine that 36 % of them do Transaction On the Safe and Secure platform . 30 % goes with Brand Reputation of that Platform , 16 % goes with the Reviews Available in Market, 10 % Respondent Influence from the Review from Friends & Families . and Remaining Influenced from their Transparency available towards Customers .

In Order to Enhance and Make the Online Transaction Super secure , 52 % of Respondent Agrees to Pay an Extra Amount , while 48% belived that Pying Extra Amount for Security will not be a solution .

As India Is Very Advanced in Cyber Security and Tech , 63 % of Respondent Belive that Online Transaction is Safe & Secure , While Remaining 37% Belive that Online Transaction is Still Unsafe Way of Trasaction .

And Finally the Last Questionnaire was Completed by asking the Possible Reason the Respondent Belives That How Government and Regulatory Bodies can Reduce & Protect the Consumer from “Risk of Online Transactions “ .

Here are some of Important Response by Respondent Regarding the Last Questionnaire are Represented in Table Format ;

## Measures Government & Regulatory body Should take to Reduce Risk of Online Transaction

The most important thing is following the data protection rules and posing a huge fine on organisations that do not store user data securely or use it for monetization or secretly store user information without informing, like Google has been lying about Incognito.

Governments and regulatory bodies can better protect consumers during online transactions by implementing strict regulations on digital payment platforms, enhancing cybersecurity measures, promoting consumer education and awareness programs, and holding fraudulent actors accountable through robust enforcement mechanisms.

Confirmation call before the transaction

Strong security call should be given

Through adding more security features and taking strict action on frauds

There should only be Government Regulated Payment Site

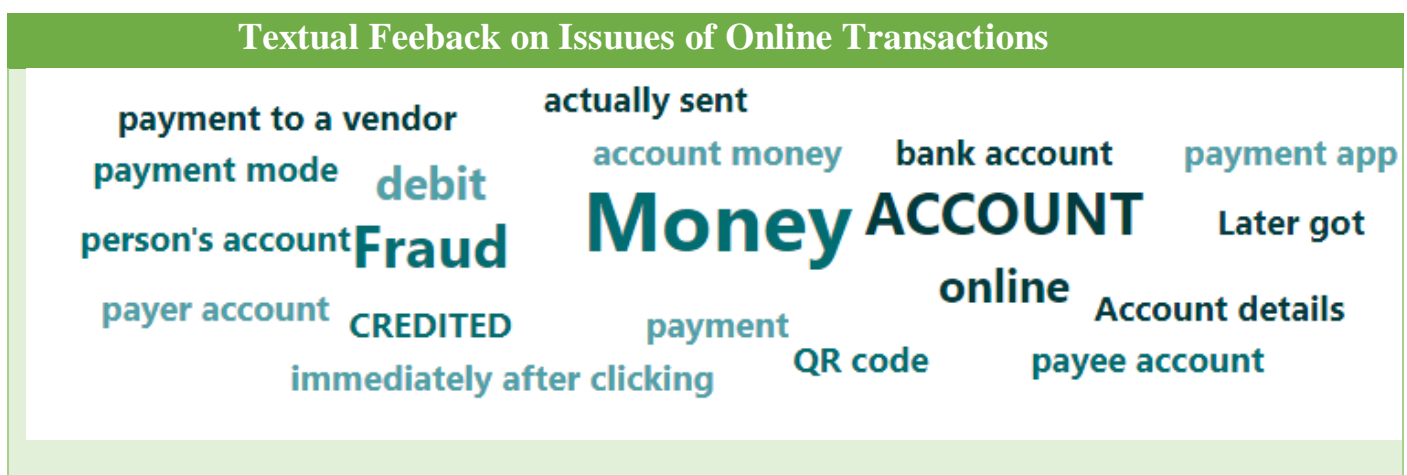
To protect consumers during online transactions, governments and regulators should enforce strong data privacy laws, educate consumers about online risks, set standards for secure payment systems, monitor e-commerce platforms, enhance fraud detection measures, facilitate easy dispute resolution, and collaborate internationally. These actions will help create a safer online environment for consumers.

Governments and regulatory bodies can enhance consumer protection during online transactions by implementing robust regulations, educating consumers about online risks, enforcing security standards for payment processors and e-commerce platforms, establishing efficient dispute resolution mechanisms, collaborating with industry stakeholders, and engaging in international cooperation efforts. These measures aim to create a safer digital marketplace, mitigate the risk of fraud and cybercrime, and build consumer trust in online transactions

.  
Have more transparency with the companies that have access to our data.

Securing personal information by making strict laws.

Use of Artificial Intelligence in Detecting Risk	Make online transaction more secure using better authentication process
Keep the server strong and active	More strict regulations and policies
By providing better security for fraud and by identifying the website is genuine or not	Government Application should be ther like a Truecaller
Government and regulatory bodies should enhance the security of online transactions which may protect the interests of a consumers while performing the online transactions.	Mandate a 6-digit key, merge the payment gateway to an authentication process for the source's credibility.
Direct Interference of govt in transactions operations	By taking some measures for the fraudulent activities happening in today's world.
Educating consumers about online safety and providing accessible resources for reporting fraudulent activities	Government and regulatory bodies could help to reduce the account hacking a little bit.



## Textual Suggestion for the Government to make Improvement



## CONCLUSION :

These Research Explores the 'Risk of Online transaction', Risk Evaluation and the Remedies to Protect and Reduce the Risk in these Digital Era . These Paper Determines the Concepts of Online Transaction as Internet Based Financial activities and Highlighted the Benefits , which they offers in a form of Convenience and Accesibility for E-Commerce Activities . and Discussed the Different types of Risk Involved such as Privacy breaches, Identitiy Theft , Malware Practices , Cyber attack , Phising and Many Others . These Research in Qualitative in Nature as Primary Data is Collected from Online Survey Using Different Platforms and Thus , The Data Analysis is done . We Analyzed the Consumer Nature and Observation Associated with 'Risk of Online Transaction' . Here we Find the Factors which Influences the Consumer While Doing Online Transaction , factors which affects includes Brand Reputation , Positive and Negative Reviews , Platfrom Market Performance & Many others Discussed . The Various Questions were answerd by the Respondent , which determines the Perception of consumer for Online Transaction , and Many characteristics has been Examined trough the Survey , like are they Conerned user for Online fraud & Saftey as well .

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