

## ***Overview of Electronic Transaction Act of Nepal***

An Electronic Transaction Act is a law that recognizes and regulates electronic transactions, ensuring that electronic records, signatures, and contracts have the same legal validity as traditional paper-based transactions. It establishes rules for electronic signatures, data protection, consumer rights, government services, and combating cyber crimes.

The act aims to facilitate electronic commerce while safeguarding the integrity and security of electronic transactions.

The Electronic Transaction Act (ETA) in Nepal, enacted in 2008 (2063 B.S.), serves as the primary legislative framework governing electronic transactions within the country. It provides legal recognition and validity to electronic records, signatures, and contracts, aiming to facilitate and regulate electronic commerce while ensuring security and trust in digital transactions.

### **Key Provisions of the Electronic Transaction Act:**

1. **Legal Recognition:** The ETA grants legal status to electronic records, signatures, and contracts, establishing their equivalence to traditional paper-based transactions. This provision ensures that electronic transactions hold the same legal validity and enforceability as their conventional counterparts.
2. **Electronic Signatures:** The Act sets forth regulations regarding the use of electronic signatures for authentication purposes. It defines the standards and procedures for electronic signatures, ensuring their integrity and reliability in electronic transactions.
3. **Data Protection:** Addressing issues related to data privacy and security in electronic transactions, including measures to safeguard personal information and prevent unauthorized access or misuse.
4. **Electronic Records:** Defining electronic records and specifying requirements for their creation, storage, and transmission in electronic transactions.
5. **Consumer Protection:** Implementing measures to protect consumers engaged in electronic transactions, such as disclosure requirements, dispute resolution mechanisms, and prohibitions against fraudulent practices.
6. **Data Protection:** Addressing issues related to data privacy and security in electronic transactions, including measures to safeguard personal information and prevent unauthorized access or misuse.
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### **Impacts of Electronic Transaction Act**

The Electronic Transaction Act (ETA) in Nepal has had several significant impacts on

the country's economy, society, and governance since its enactment. Here are some key impacts:

- 1. Facilitation of E-commerce:** The ETA has facilitated the growth of e-commerce in Nepal by providing a legal framework for electronic transactions. Businesses can now engage in online buying and selling of goods and services with greater confidence, leading to the expansion of the digital marketplace.
- 2. Increased Efficiency:** With the ETA in place, businesses and individuals can conduct transactions electronically, reducing the time and resources required for traditional paper-based transactions. This has led to increased efficiency in commercial activities, as well as in government services that have adopted electronic means for service delivery.
- 3. Legal Certainty and Confidence:** The ETA provides legal certainty and confidence in electronic transactions by establishing clear rules and standards for electronic records, signatures, and contracts. This helps to mitigate legal uncertainties and risks associated with conducting business electronically, thereby encouraging greater participation in e-commerce activities.
- 4. Expansion of Market Reach:** With the facilitation of e-commerce through the ETA, businesses in Nepal can expand their market reach beyond geographical boundaries. They can access a wider customer base both domestically and internationally, leading to increased trade and economic growth.
- 5. Efficiency in Government Services:** By encouraging the use of electronic means for government services, an ETA can lead to increased efficiency and transparency in governance. Citizens can access government services online, submit forms electronically, and make digital payments, reducing bureaucratic red tape and enhancing public service delivery.

## Implementation Challenges in case of Nepal

- 1) Limited Infrastructure:** Inadequate technological infrastructure, particularly in rural areas, poses a challenge to the widespread adoption of electronic transactions.
- 2) Cybersecurity Concerns:** Insufficient cybersecurity measures and awareness make electronic transactions vulnerable to cyber threats such as hacking and data breaches.
- 3) Digital Literacy:** Low levels of digital literacy among the population hinder the effective use of electronic transaction platforms and services.
- 4) Trust and Security:** Building trust and confidence among consumers and businesses in electronic transactions remains a challenge due to concerns about fraud, privacy, and reliability.