

E-COMMERCE ETHICAL AND LEGAL ISSUES

The vastness of Internet advertising offers a solid platform for Electronic Commerce (or e-commerce) to explode. E-Commerce has the ability to provide secure shopping transactions coupled with instant verification and validation of credit card transactions. E-Commerce is not about the technology itself, it is about doing business leveraging the technology.

A technological innovation is followed by frequent incorporation of ethical standards into law. New forms of E-Commerce that enables new business practices have many advantages but also bring numerous risks. Let's discuss about the ethical and legal issues related to e-business.

Ethical Issues

In general, many ethical and global issues of Information Technology apply to e-business. So, what are the issues particularly related to e-commerce? Let's list some of the ethical issues spawned with the growing field of e-commerce.

Web Tracking

E-businesses draw information on how visitors use a site through log files. Analysis of log file means turning log data into application service or installing software that can pluck relevant information from files in-house. Companies track individual's movement through tracking software and cookie analysis. Programs such as cookies raise a batch of privacy concerns. The tracking history is stored on your PC's hard disk and any time you revisit a website, the computer knows it. Many smart end users install programs such as Cookie cutters, Spam Butcher, etc which can provide users some control over the cookies.

The battle between computer end users and web trackers is always going on with a range of application programs. For example, software such as Privacy Guardian, My Privacy, etc can protect user's online privacy by erasing browser's cache, surfing history and cookies. To detect and remove spyware specially designed programs like Ad-Aware are present. A data miner application, SahAgent collects and combines Internet browsing history of users and sends it to servers. The battle goes on!

Privacy

Most Electronic Payment Systems knows the identity of the buyer. So it is necessary to protect the identity of a buyer who uses Electronic Payment System.

A privacy issue related to the employees of company is tracking. Monitoring systems are installed in many companies to monitor e-mail and other web activities in order to identify employees who extensively use business hours for non-business activities. The e-commerce activities performed by a

buyer can be tracked by organizations. For example, reserving railway tickets for their personal journey purpose can be tracked. Many employees don't want to be under the monitoring system even while at work.

As far as brokers and some of the company employees are concerned, E-Commerce puts them in danger zone and results in elimination from their jobs. The manner in which employees are treated may raise ethical issues, such as how to handle displacement and whether to offer retraining programs.

Disintermediation and Reinter Mediation

Intermediation is one of the most important and interesting e-commerce issue related to loss of jobs. The services provided by intermediaries are :

- (i) Matching and providing information.
- (ii) Value added services such as consulting.

The first type of service (matching and providing information) can be fully automated and this service is likely to be in e-marketplaces and portals that provide free services. The value added service requires expertise and this can only be partially automated. The phenomenon by which Intermediaries, who provide mainly matching and providing information services are eliminated is called Disintermediation.

The brokers who provide value added services or who manage electronic intermediation (also known as info mediation), are not only surviving but may actually prosper, this phenomenon is called Reinter mediation.

The traditional sales channel will be negatively affected by disintermediation. The services required to support or complement e-commerce are provided by the web as new opportunities for reinter mediation. The factors that should be considered here are the enormous number of participants, extensive information processing, delicate negotiations, etc. They need a computer mediator to be more predictable.

Legal Issues

Where are the headlines about consumers defrauding merchants? What about fraud e-commerce websites? Internet fraud and its sophistication have grown even faster than the Internet itself. There is a chance of a crime over the internet when buyers and sellers do not know each other and cannot even see each other. During the first few years of e-commerce, the public witnessed many frauds committed over the internet. Let's discuss the legal issues specific to e-commerce.

Fraud on the Internet

E-commerce fraud popped out with the rapid increase in popularity of websites. It is a hot issue for both cyber and click and mortar merchants. The swindlers are active mainly in the area of stocks. The small investors are lured by the promise of false profits by the stock promoters. Auctions are also conducive to fraud, by both sellers and buyers. The availability of e-mails and pop up ads has paved the way for financial criminals to have access to many people. Other areas of potential fraud include phantom business opportunities and bogus investments.