

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 6 | Issue 1

2023

© 2023 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact Gyan@vidhiaagaz.com.

To submit your Manuscript for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to submission@ijlmh.com.

Breach of Data Privacy in E-commerce with Special Reference to Electronic Payment Method

SURUCHI AHUJA¹

ABSTRACT

In this paper the major focus of discussion is related to the e-commerce and how it is important in the present scenario. The e-commerce involves the personal information and how they are being breached on these electronic devices. The study also addresses security challenges faced by the world. This paper also discusses the legal measures that are involved in regulating e-commerce. The issue of privacy-related matters has also increased as the era of the new electronic payment has increased. But at the same time, various countries have used certain legislations to combat this issue. The paper will lay down the emphasis on how the data privacy issue is a major threat to the electronic payment system. In the end, an attempt has been made to give out the measures that should be used.

Keywords: Breach, Data Privacy, Electronic Payment, E-commerce, law.

I. INTRODUCTION

The exchange of goods and services through the internet is known as electronic commerce or e-commerce. Many people engage in activities outside buying and selling. Before making a purchase online or in a physical store, utilize the net as a source of information to compare costs or check out the newest products on sale. The same approach is occasionally referred to as E-Business. But more frequently it refers to a broader process of how the internet is changing how business conduct their operations, interact with their clients and suppliers, and approach tasks like marketing and logistics. E-commerce is used to refer to conducting business web presence for the purpose of conducting the commerce. The worldwide business community is quickly embracing business to business. E-commerce as a result of ITCs' expanding use the internet particularly. When consumers have access to the entire market they benefit as they can compare costs between different geographic area, determine whether prices vary according on order fragmentation, and become aware of alternative items. Users may compare the services of numerous e-commerce sites readily because of the market's transparency. For instance, in the case of online shopping competitors are just a click away from the buyer. Customers can change

¹ Author is a LL.M. Student at Christ (Deemed to be University), India

far more easily online than they can in person if the upset with the goods, prices, or services provided by a specific e-commerce sites from the seller's perspective.² E-commerce in India has grown dramatically from a trendy concept to a reality. The majority of shopping is traditionally done in unorganized markets in India, and local retailer The same Indian clients who were previously content with that are currently looking for an easy and pleasant manner of shopping, which has led to a rapid increase in e-commerce. The ability to shop today is instantaneous from any location, whether the workplace or home. The nation's online market offers a wide range of goods and services, including groceries, software, games, books and music downloads, hotel reservations, marriage services, fashion accessories, electrical devices, and other tangible commodities like clothing and accessories. The Internet and World Wide Web (WWW) have reduced the number of trading locations in the global economy. By accelerating the process of buying and exporting the commodities, South Pacific countries have been closer to the rest of the globe in terms of shorter trading cycles and reduced transaction costs. The South Pacific will ostensibly have access to fresh markets. Small enterprises in developing countries have genuine opportunities They might provide a possibility for direct sales to craftsmen who make items like tapa clothing.

II. ADVANTAGE

With the e-commerce the players save a lot of time because they aren't required to leave the house to make a purchase. Certain big retailers have launched full-time online sites that also use accessible warehouses for quick delivery. There are variety of options while purchasing the products available online, selecting one can be challenging. A traditional store could not have sufficient room but an online store will have enough inventory. We don't have to spend the weekends or evenings driving to several stores to conduct errands if we purchase on web. Buyers not only buy from India but can also do it from abroad. Because purchases and sales are performed on a global scale, there is a possibility of a significant increase in sales, which would boost the organization's profit. To improve the speed and effectiveness of customer shopping. More products are sold while being accessible to global markets. online business is open for customers 24/7 every day of the year, regardless of whether it's snowing and the roads are closed, it's too hot and muggy to even venture outside in the summer, or it's a holiday and every store in town is closed. Profits will continue to increase and doors will never close. Increase market reach. Since no particular language is needed to read or understand it, global business expansion is conceivable. We can demand any website in every language. Every consumer on

² Gupta, Anjali. "E-Commerce: Role of E-Commerce in today's business." *International Journal of Computing and Corporate Research* 4, no. 1 (2014): 1-8.

the planet may find a company's website, products, and information without ever leaving their homes with the correct marketing.

E-Commerce not only benefits the consumer but also the sellers as E-commerce helps businesses by allowing them to collect customer data. Businesses can leverage their customers' buying habits, demographics, and preferences to improve product marketing. Ecommerce data can be used to predict when product demand will rise or fall, reducing the risk of overstocking or understocking products.³ Businesses can also use this information to make their customers' shopping experience easier. This is especially helpful for small businesses that were otherwise limited to small geographic footprints. Search engine rankings give businesses a competitive edge by allowing them to get ahead of new customers. It also helps to increase. Once start selling online, all interactions will be fast. Ecommerce marketplaces offer a streamlined logistics or delivery system. Returns management is another plus for fast processing. Will refund your payment or provide a replacement. Even when meeting market demands, we can respond quickly. Consider the following e-commerce example. If a buyer notices an item is out of stock, they can click the Notify option. This will notify you that the item is available for sale again. It also notifies sellers that they need to replenish that item in order to attract more buyers. One more ex Assuming there is demand for voice-activated personal assistants, the seller can quickly meet that demand by having these items in stock. They have seen the same thing from sellers. Merchants can also quickly create offers and promotions. This will attract customers and increase the chances of more sales. Ecommerce sellers can schedule and apply coupons at any time, and even customize such offers for their stores.

III. WHAT IS DATA PRIVACY

This personal data may include user's name, location, contact information, or their online or real-world behavior. Just as they would like to exclude people from private conversations, many online users would like to control or prevent the collection of certain types of personal information.

As the use of the Internet increases year by year, so does the importance of privacy. Websites, applications, and social media platforms often need to collect and store personally identifiable information about their users in order to provide their services. However, some applications and platforms may exceed user expectations regarding the collection and use of data, making user privacy less than expected. Other apps and platforms may not have adequate security measures

³ Danielle Zanzalari, *Advantages of E-Commerce*, THE BALANCE (Jan. 11, 2023, 19:35 PM), <https://www.thebalancemoney.com/advantages-of-ecommerce-1141610>.

in place for the data they collect, which can lead to data breaches that compromise user privacy.⁴

IV. WHAT IS DATA PRIVACY IN E-COMMERCE?

Privacy concerns arise in any situation where personal information is collected and stored. In fact, all websites that collect personally identifiable information must post a privacy policy disclosing how the party collects, uses, discloses and maintains personally identifiable information. Although there is no single definition of what constitutes personal data, Additionally, e-commerce companies that collect financial information such as bank accounts, credit cards, and social security numbers need to protect that data from the ground up. Privacy and security are important aspects of operations for any e-commerce business. Failure to do so could expose business to regulatory penalties, lawsuits, and loss of business if website is deemed "unsafe."⁵ There to adopt a definition that encompasses all information that could potentially identify or relate to an individual for the privacy policy.

An important aspect of running an online business is privacy. Ecommerce relies on data. It's the key to identifying and evaluating potential customers and selling them through targeted advertising. Data needs don't stop there. After making a sale, seller need to collect even more customer information. Data is the driving force behind e-commerce.

India's farmer and Aadhaar Data Leak

Aadhaar Number is a confidential 12-digit number assigned to all Indian citizens as part of the country's National Identity Database. Aadhaar is used as proof of identity for citizens after submitting fingerprints and retinal scans to a central database and is often required to access state government services such as welfare and elections. Aadhaar numbers are also used to open bank accounts, rent Airbnb, ride Uber,⁶ and verify other online services.

The Indian government has launched an effort that is to provide minimum basic income. Benefits under this scheme are paid annually. But the issue was that the bug that allowed the theft of gathering of data related

V. WHAT ARE THE ISSUES RELATED TO BREACH OF DATA PRIVACY IN THE FIELD OF E-COMMERCE?

We constantly see reports that businesses have sold customer personal information. This is a

⁴Azmi, Ida Madieha. "E-commerce and privacy issues: an analysis of the personal data protection bill." *International Review of Law, Computers & Technology* 16, no. 3 (2002): 317-330.

⁵ Okeke, Romanus Izuchukwu, Mahmood Hussain Shah, and Rizwan Ahmed. "Issues of privacy and trust in e-commerce: Exploring customers' perspective." *Journal of Basic and Applied Scientific Research* 3, no. 3 (2013): 571-577.

⁶ Gautam S. Mengle , Major Aadhar data leak plugged: French security researchers March 20 , 2019

fairly prevalent problem today, even when we give websites complete access to our devices. Additionally, when we enter personal information in the account section, it can be exploited for a variety of things. E-commerce also maintains track of our online behavior and product interests. Using this data, companies can offer things to us and place advertisements on websites such as Facebook and Instagram. When the security of the online store is poor, privacy invasion is also possible. Hackers can access the servers of e-commerce websites and steal user data such as passwords, phone numbers, and credit card information. The sellers may also use the technique of website spoof. It is a method for making websites that seem exactly like other websites. The user arrives on a page that is identical to the original website⁷ when they accidentally type any other word in lieu of the original word. Or the bogus website's links, which basically include dangerous code or entice users to buy their goods and divulge their personal information, are spread among a group of people.

Another problem with the e-commerce business is the almost complete lack of cyber regulations to control online transactions. Soon, the WTO is anticipated to pass cyber regulations. The Indian Information Technology (IT) Bill, which was approved by the Indian Parliament on May 17, 2000, aims to address the expanding fields of e-commerce through legislation. The Bill also aims to ease legal ambiguities brought on by modern technology, which will aid in e-commerce. Currently, the Bill only addresses the fields of criminal and business law. However, it ignores matters like individual property rights, content regulation to privacy, and legislation pertaining to data protection.

Issues related to payments and taxes are another issue that e-merchants constantly raise. electronic payment Credit cards or plastic money are not accepted in India mainly for two reasons. first, Credit card penetration is very low in India (2% of the population). Second, Indian customers are highly skeptical of paying with credit cards given the increased risk of fraud by hackers. As in other regions, credit cards have been unable to grow in India, largely due to authentication and recognition issues.

Similarly, tax administration is another complex issue in this seamless global e-commerce. As an event at the time of founding So when e-commerce becomes harder to tax, there's plenty of room for tax evasion. how to get rid this? Some have suggested full tax exemption for domestic e-commerce by 2010. Some advocate for promoting duty-free e-commerce domestically. already established in the United States Anything that is sold digitally on the Internet is tax-

⁷ Ackerman, Mark S., and Donald T. Davis Jr. "Privacy and security issues in e-commerce." *New economy handbook* 911 (2003): 930.

free. Shouldn't India follow the US, at least for now

VI. WHAT ARE THE LEGISLATIONS THAT GOVERN THE E-COMMERCE

The IT Act contains a variety of laws that serve as guidelines for e-commerce operations. The Central Government is required by Section 84A of the IT Act to promote e-governance and e-commerce. Section 43A of the IT Act contains provisions relating to data protection. According to Section 66A of the IT Act, anyone who fraudulently assumes another person's identity while using their password will face penalties.⁸

Indian Contract Act 1872 E-contracts, which are actually standard form agreements defined by the Indian Contract Act, 1872 ("Contract Act"), are created during e-commerce transactions. Therefore, in order for e-commerce contracts to be effective, they must be entered into with the parties' free permission and have a legal consideration. The Contract Act regulates the requirements for the legality of contracts created through electronic means, the exchange and acceptance of offers, as well as the cancellation of contracts and the formulation of agreements between buyers, sellers, and intermediaries. Any online platform's terms of service, privacy policy, and return policies must also be made sure to be enforceable by law. The Information Technology Act of 2008 contains the provisions pertaining to contracts formed electronically. Section Section 10A specifies that contracts executed into electronically are valid. It specifies that anytime the proposal is sent, accepted, revoked, or accepted via electronic means, the use of electronic means for those purposes shall not render the contract illegal or unenforceable.

Consumer Protection Act 2019 and Consumer Protection Rule 2020 Recently, the Consumer Protection Act of 2019 (CPA 2019) and the Consumer Protection (E-Commerce) Rules of 2020 were announced by the Ministry of Consumer Affairs, Food, and Public Distribution (E-Commerce Rules). To address particular problems that have emerged in this age of digitization and e-commerce, the CPA 2019 made significant amendments to the consumer protection law from 1986.

VII. WHAT ARE THE ISSUE RELATED TO BREACH OF PRIVACY IN REFERENCE OF ELECTRONIC PAYMENT METHODS?

Companies all across the world have used the electronic payment method once it gained widespread acceptance for a while. Electronic payment systems are actually regarded as the backbone of the country in the current competitive landscape. Every nation should prioritize its

⁸ Bezovski, Zlatko. "The future of the mobile payment as electronic payment system." *European Journal of Business and Management* 8, no. 8 (2016): 127-132.

efforts towards electronic payments as a national programmer in order to boost productivity and engage in international competition. Developed countries including the United States, the United Kingdom, France, and others have a fully functional e-payment system. Inspiring business growth is provided by the developing countries in the Asia-Pacific area. India must therefore transition to an electronic payment system from the paper payment system, offer chances for productivity growth, and lower company expenses to enhance financial inclusion in order to achieve high economic growth with competitiveness. Recent studies have shown that youths' increased use of e-payment transactions is a result of their aptitude for technology.⁹ However, a sizable portion of the population continues to feel at ease using conventional payment methods. Because of this, the Indian government has used JAM (JanDhan, Aadhar, and Mobile) tactics to reach out to areas where financial services are not readily available. More infrastructure is needed, particularly in rural and semi-urban areas. In order to make Cashless India a reality on August 15, 2014, the Prime Minister announced the launch of Jan-Dhan accounts at a fair price for the underprivileged and unbanked regions. Similar to this, P.M. Narendrabhai Modi announced demonetization in India on November 9, 2016. Online money transactions have become demonized as a result of this. With the advent of the Internet and since Internet usage is so widely available, the trend of digital payments has risen quickly in recent years. Due to simple Internet connectivity, more people are turning to mobile payment apps for digital transactions. By 2020, there will be 546.5 million internet users in India, or 40% of the population. The largest number in the world after China is this one. A top-tier corporate organization that keeps up with technology advancements is now placing more of an emphasis on satisfying customer expectations as a result of globalization. Particularly the elements that motivate users to utilize these apps and details about the factors that have information about the issues that served as obstacles when using the mobile payment application too be used.

VIII. CONCLUSION

The privacy of consumer is an integral element in a world of digitalization, the privacy issues in E-Commerce. The paper discusses the issue that are related to privacy in E-commerce that provides a guideline to the users that use the site. In conclusion the privacy and the security issue are still active area of research. There have been significant changes that have important implication for the e-commerce sites and consumer. Many users now recognize privacy as a value. Expectation is the most important element in social construct. However the regulators

⁹ Oney, Emrah, Gizem Oksuzoglu Guven, and Wajid Hussain Rizvi. "The determinants of electronic payment systems usage from consumers' perspective." *Economic research-Ekonomska istraživanja* 30, no. 1 (2017): 394-415.

that are regarded as a public issue and have thus far largely allowed technology to develop. Security is recognized as largely imperfect, an ongoing cat and mouse game that is between the security experts. Significant technological advancement has been implemented. However it may be said that the organizational policy may play a significant role in site security. Weak and outmoded regulation as well as ineffective enforcement makes it difficult to conduct e-commerce within and across national border. Inadequate legal protection for digital information can create barriers to its exchange the growth of e-commerce. As businesses expand globally, the requirement for strong mean of protecting network information will grow. As companies grow globally the need for strong mean of protecting information will grow. E-Commerce cannot be implemented successfully within the current framework that is required for a safe and secure business environment in cyberspace. The current IT act is deficient on multiple fronts and without a solid legal framework e commerce cannot thrive in India. There is a strong need for separate e-commerce legislation in India because existing laws are incompetent of giving with the various issues and emerging problems in the age of e-commerce. The consumer right framework for privacy protection should adopt the laws, regulations and create conditions that use. There is different defense that are available to a consumer that is to protect their information and with the entry of the 2008 amendment. The legal and regulatory issue of privacy and data protection in E-commerce has taken the of every nation these two contemporary issue are also mentioned. The IT Act 2000 is the Indian statute that addresses privacy and data issue. The act has also been amended several times to see the growing threat of cybercrime. The e-commerce cannot be successfully implemented with the current framework of Indian govt that must identify that a solid legal framework that is required for business environment. The current IT act is deficient on multiple fronts and without a solid e-commerce cannot be a great success. As a result there is a requirement for separate e-commerce legislation in India, as existing laws are incapable of giving dealing with the various issues and emerging problem of the site of the provider and user of the site.
