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## Increase in Online Purchase Fraud Cases: Business Ethics vs Consumers' Attitudes

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### Abstract

Statistics clearly indicate an increase in fraud cases involving online purchasing activities. Previous studies have found that the Internet plays a vital role in facilitating individuals to become victims of fraud, especially when activities are not carried out face-to-face. This qualitative study aims to debate what has caused the increase in online purchase fraud cases by using the content analysis and interview methods to collect and analyse data. The documents analysed included journal articles, while interviews involved government and non-government agencies directly involved with consumers. Results of the study indicate that complaints of fraudulent cases involving online purchases is related to consumers' attitude and the ethical practices of merchants. Consumers, as buyers, are usually hasty when making a purchase and this is one of the reasons why they fall victim to online fraud. Another reason is the lack of education or knowledge regarding consumerism. In addition, unscrupulous business ethics also contribute to the increase in online purchase fraud cases. Therefore, this study suggests that the attitude of online purchasers and the ethical practices of merchants need to be improved to curtail the increase in online purchase fraud cases.

**Keywords:** Fraud, Ethics, Consumer, Merchant, Online Purchase, Government

### Introduction

Convenience of the Internet has enabled a variety of daily activities to be completed by using electronic tools, including buying and selling activities. In addition to buying and selling on e-commerce platforms, the increase in the number of social media users has also enabled purchases through their respective social media accounts, such as Instagram, Facebook and TikTok (Statista, 2015; Mokhsin et al., 2018). A business's reputation on social media has

become a yardstick for building consumers' trust (Mazzini et al., 2016). However, development of the Internet as an online purchasing medium has led to opportunities to defraud consumers (Izzaz et al., 2016). Consumers are increasingly exposed to unethical buying and selling practices. In fact, the number of victims of online fraud has also surpassed the number of victims of street crimes (Titus, 2001). The display of misleading advertisements and misrepresentation of information through the Internet challenges online consumers to conduct fraud-free online purchases (Roman, 2010). Therefore, this study aims to discuss the causes of increasing online purchase fraud cases that are closely related to consumers' attitude and traders' ethical practices.

### Literature Review

The principle of voluntariness in Islamic transaction emphasizes the ownership of parallel information between the parties who transact. Willingness in contracting is lost if there are elements of error (*ghalat*), fraud (*tadlīs*), coercion (*ikrāh*) and excessive pricing through fraud (*ghabn ma'a taghrīr*) (Adiwarman, 2002). This principle of willingness is as stated by Allah s.w.t. in Surah an-Nisa' verse 29, meaning:

O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent. And do not kill each other or yourselves. Surely Allah is ever Merciful to you (Surah an-Nisa': 29).

Because of that, Islam strictly forbids any element involving injustice between the contracting parties to make the sale and purchase that is signed meet the purpose of the transaction. Cheating is absolutely not allowed in any business in Islamic transaction. Exhortations through the Quran and hadith have called many Muslims to avoid fraud. The prohibition of fraudulent activity in buying and selling activities has been confirmed in the Al-Quran at the beginning of Surah al-Muthaffifin, meaning:

Woe to the defrauders! (Surah al-Muthaffifin: 1)

This word of God is then followed by the following verses, meaning:

Those who take full measure 'when they buy' from people (Surah al-Muthaffifin: 2).

### Meaning

Give full measure, and cause no loss 'to others' (Surah as-Shua'ra': 181).

A leading Islamic economist in Indonesia, Karim (2002) thinks that one of the things that can disrupt the market is the existence of elements that make up *tadlīs* (Adiwarman, 2002). *Tadlīs* involves the element unknown to one party or the behavior of not disclosing (hiding) sufficient information by one of the contracting parties so as to cause the entered purchase transaction to be invalid. Syamsul (2007) adds that *tadlīs* involving elements unknown to one party can be produced either through words or actions, in the presence of deception and lies and the existence of hidden evidence or descriptions. The action of the trader who does not inform the consumer about the defect that exists in the goods and related important information is one of the branches of *tadlīs*.

Online purchase fraud occurs due to three factors (Cohen & Felson, 1979; Kapardis,

2001). First, the existence of perpetrators who have a strong desire to deceive. This desire or motivation results from a combination of an individual's personality and the situation the individual is facing (Duffield & Grabosky, 2001). This group of individuals who are always online are ready to seek victims to deceive in order to fulfil a particular purpose. Internet communication that enables borderless communication means that these fraudsters can be anywhere in the world and can connect with anyone. Furthermore, Internet communication, especially for business purposes, does not require a large financial commitment and it is not time consuming compared to building a business enterprise (Biswas & Biswas, 2004). The nature of the Internet medium that operates virtually has allowed perpetrators to coordinate their fraudulent activities as well as provide the flexibility to change the nature of the fraud once it has been successfully detected (Albrecht et al., 2006).

Second, the Internet medium gathers a number of users who can become potential victims of fraud. The availability of suitable victims allows consumers to be approached when performing online purchasing activities (Albrecht et al., 2006). E-commerce sites like Shopee usually attract approximately 54 million visitors a month, which provides fraudsters access to a large number of potential consumers who could also become potential victims of fraud (Statista, 2022).

Third, the absence of a monitoring mechanism capable of preventing fraud. The use of the Internet involves non-face-to-face interaction, which allows anyone to use it to carry out fraudulent activities because there is no specific monitoring from certain parties. The risk borne by Internet users is immense especially when fraudulent activities are difficult to identify and detect by local authorities due to community, cultural and national limitations. In fact, online fraud is considered a covert crime that makes gathering evidence for prosecution purposes difficult to implement.

Mokhsin et al (2018) examined 201 respondents from Malaysia and successfully identified elements that lead to online purchase fraud based on consumer behaviour when shopping (Mokhsin et al., 2018). The study believes that consumer behaviour differs depending on the consumer's skills, experience and knowledge regarding online purchasing. According to Anderson and Simester (2014), the virtual environment possesses greater risk of fraud because of the difficulty in identifying the fraud compared to an environment that allows face-to-face interaction. According to Smith (d.uk), it is easier to commit fraud on the electronic or virtual platform compared to traditional mediums because in the former the fraudster is usually presumed to be a law-abiding or honest person just like any other online user. Face-to-face purchases in a business location allows fraud to be identified through the seller's suspicious actions or behaviour. Body language can be interpreted either visually or by observing behavioural changes while interacting (DePaulo, 1992). This does not occur during online purchases because of the limitations in interaction that reduce the ability of consumers to identify fraud (Ben-Ner and Putterman, 2003). Consumers are also in a vulnerable position when the identity of the merchant is not revealed or is deliberately hidden (Roman, 2010).

Ghapa and Kadir (2021) analysed the appropriateness of information regulation as a specific method of protecting consumers in Malaysia. Norhasliza and Nor Aida (2021) found that 91% of Malaysian consumers initially reviewed and researched a product before making a decision to purchase (Norhasliza & Aida, 2021; Kemp & Moey, 2019). Kemp and Moey (2019) said that consumers read product descriptions, search for information from the seller's or merchant's website, compare prices and check reviews by other consumers before making an online purchase (Kemp & Moey, 2019). However, not all consumers exercise their right to

obtain important information about a particular product before making a decision to purchase. This is because some users refuse to read the information even though they have access to it. In addition, there are also limited users who access information due to factors such as age and level of education. In fact, some users were completely unaware of their rights as users. In some circumstances, this limitation of information is due to the trader's attempt to hide the information from the user's knowledge.

A review of previous studies has shown that there are several things that can lead to users becoming prey to online shopping fraud. Therefore, this study will discuss in more detail reasons for an increase in online purchase fraud cases that are closely related to traders' ethical practices and consumers' attitudes.

### **Research Question**

What are the traders' ethical practices and consumers' attitudes that contribute to the increase in online purchase fraud cases?

### **Methods**

This qualitative study adopted the content analysis method for analysing data. Primary and secondary data were collected via a literature review and semi-structured interviews. Primary data were obtained from interview sessions with respondents, while secondary data consist of materials published or prepared by consumers, such as annual reports, statistics on online purchase fraud cases and consumer education materials. The acquisition of secondary data involved newspaper reports and journals articles related to the research question.

The interview session involved six respondents representing five consumer entities, namely parties actively involved in consumerism issues in Malaysia, particularly in relation to online purchase fraud. The selection of respondents was based on their role in the field of consumerism, especially in handling online purchase fraud issues. The selected respondents represented the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), Federation of Malaysian Consumer Associations (FOMCA), Royal Malaysian Police (PDRM), Malaysian Cyber Consumer Association (MCCA) and the Malaysian Muslim Consumer Association (PPIM).

KPDNHEP was selected as it is the government's main agency overseeing consumer affairs in charge of enacting policies, strategies and studying matters related to the development of domestic trade as well as consumerism. KPDNHEP also plays a role in raising consumer awareness and education through consumerism movements throughout Malaysia, for example by establishing Rakan KPDNHEP in 2001.

Consumer affairs is also assisted by private agencies such as FOMCA, which was established through a combination of various state-level consumer associations on June 10, 1973. FOMCA also plays an active role in the international scene through its appointment to the Board of Directors of Consumer International (CI) until 2003. FOMCA has established a joint venture with Bank Negara Malaysia for publishing the Ringgit magazine periodical to increase consumer awareness of financial issues.

MCCA was selected because of its direct involvement in handling cybercrime cases. MCCA, through its source of authority, which is the Communications and Multimedia Act 1998, plays an important role in supervising, controlling and enforcing laws related to communication and multimedia activities in Malaysia. The MCCA also has the authority to investigate consumer complaints regarding fraud cases involving online buying and selling.

The Commercial Crime Investigation Department under the Cyber and Multimedia Crime Division of PDRM is responsible for handling fraud cases related to online purchases.



PDRM also cooperates with the MCCA and Bank Negara Malaysia in tracking down suspects, especially in cybercrime cases involving money that could reach hundreds of millions of Malaysian ringgit. The primary role of the Commercial Crime Investigation Department is to arrest, conduct investigations and prosecute offenders involved in cases of fraud, forgery, cybercrime etc., whether committed by individuals or syndicates.

MCCA also plays a role in consumer affairs through the cyber platform. It was established for spearheading the voice and rights of cyber users to the authorities while propagating diverse consumer education to all levels of users. The MCCA defends consumers victimized by cybercrime, which also includes online purchase fraud. It has taken the initiative to provide an advocacy platform to ensure that users' knowledge about consumerism is consistent with contemporary developments.

PPIM is a non-governmental agency established in June 1997 as an initiative to assist changes in consumerism that was increasingly influenced by Islam. The emphasis shifted towards the importance of halal issues and Syariah compliance for Muslims and thus, PPIM activists were active in advocating consumerism issues that involved biasness and persecution of Muslim consumers, including the issue of online shopping fraud.

Securing the consent from respondents to be interviewed was carried out via emails followed by a telephone conversation. Five of the six consumer entities selected had agreed to be interviewed but the interview with PPIM was not conducted face-to-face but rather through a webinar organized by the researcher. The MCCA declined to be interviewed because they thought that the questions should be directed to the KPDNHEP. Therefore, findings of this study did not include the section on the MCCA since they declined to be interviewed.

An interview session agreed by both parties was then arranged. All interview sessions lasted for approximately one hour and conducted in the respondent's office, which provided a conducive atmosphere. Respondents gave their permission for the interview sessions to be recorded. All audio recordings were transcribed in verbatim and then examined and read repeatedly before being analysed. After discussions amongst the researchers, several themes were established based on the transcription. Contents of the transcription were analysed and organized according to the various themes using the Microsoft Excel software. Several factors that increased online purchase fraud were classified according to the users and merchants. Themes were built based on the categories above, and then two sub-themes were built based on the main theme to explain all the themes in greater detail.

Table 1

*A summary of the themes based on the interviews*

|                                    | Category                            | Themes  | Sub-themes   | Sub-themes   |
|------------------------------------|-------------------------------------|---|--|--|
| <b>Factors That Increase Fraud</b> | Consumer                            | Consumer are careless   | Consumers do not follow guidelines<br>Consumers are hasty<br>Consumers are easily deceived by fraudsters<br>Consumers do not compare market prices | Did not verify the trader's background<br>Easily deceived by attractive offers |
|                                    |                                     | Consumers are ignorant  | Consumers do not know their rights   |  |
|                                    | Traders                             | Trader's behaviour  | Traders are unethical  | "Pm tepi" is widespread  |
|                                    |                                     | Trader's deception factor   | Desperate living conditions  | Unemployed<br>In a huge debt   |
|                                    |                                     | Traders are sleek in entrapping consumers   |  |  |
|                                    | COVID-19 pandemic                   | Increase in online buying   | Shops are physically closed<br>Easier to buy online<br>Sudden increase in the purchase of COVID-19 prevention items<br>More time at home           |  |
|                                    |                                     | Increase in the use of the Internet   |  |  |
|                                    | Frequency of cheap sales promotions | Participation in cheap sales by various companies<br>Consumers are easily influenced by cheap sales | Increase in the risk of fraud  |  |
|                                    | Lack of monitoring                  | No control on online businesses<br>Guidelines are not publicised                                    | Anybody can trade online<br>Lack of fraud prevention   |  |

## Discussion

The study found that online purchase fraud is closely related to consumers' attitudes when making purchases and merchants' ethical practices.

## Consumers' Attitudes

Enforcement of the Movement Control Order (MCO) on 18 March 2020 was aimed at ensuring Malaysians stayed in their respective homes in order to control the spread of the COVID-19 epidemic. The World Bank reported that the number of Internet users had skyrocketed during the MCO period. The e-commerce industry began expanding rapidly as the majority of consumers turned to making online purchases since the MCO caused the physical closure of premises (PDRM, 2020). This led to a high volume of visitors at the sales portal websites (MCCA, 2020; PDRM, 2020) and this visitor traffic further increased the potential for users to become victims of online purchase fraud (Albrecht et al., 2006).

The President of PPIM (2021) opined that online purchase fraud is actually caused by the ignorance of the user. Paim et al (2012); Ishak and Zabil (2012) also found that knowledge and awareness about consumerism, especially consumer rights, is still low (Paim et al., 2012; Ishak & Zabil, 2012). It is no wonder that so many cases of online purchase scams are reported to the authorities despite the obvious warning signs that the business is dubious. One of the consumers' rights is the right to obtain sufficient and accurate information to make wise decisions and protect consumers from fraud and abuse. Consumers are also entitled to compensation for misleading trade information and non-compliance with the agreement (FOMCA, 2017). When consumers are unaware of their rights, they are more easily deceived, especially when presented with insufficient or false information. Consumers can also be deceived if the merchant first denies the option of the return or compensation policy for purchased goods that are found to be damaged or do not meet the purchase requirements (Ishak & Zabil, 2012). Therefore, if the consumer knows and understands his rights as a consumer, whether purchasing online or at the premises itself, then the chances of falling prey to traders' fraudulent tactics is slim (KPDNHEP, 2020). For example, when a dispute arises regarding a purchase that has been made, understanding of consumer rights allows the consumer to make a claim through the Malaysian Consumer Claims Tribunal (TTPM) and resolve it amicably with the merchant.

Parties responsible for consumer affairs, such as KPDNHEP and FOMCA, have published several consumer education materials, such as a safe online purchasing guide as well as updating fraud complaint cases involving different modus operandi (NCCC, 2019; Socklingam, 2021). However, some consumers do not care or take notice about these efforts as many of them typically disregard these guidelines (KPDNHEP, 2020). In fact, the consumer's ignorance of consumer education materials pertaining to various fraudulent methods used by unscrupulous traders makes them vulnerable to becoming victims of online purchase fraud.

The 'Guide to Conducting Online Transactions' (2020) is one of the consumer education materials that every online purchaser should read. Among the most important tips is the obligation to display eight items according to Regulation 3 of the Consumer Protection (Electronic Commerce Transactions) Regulations 2012. Every online business needs to present its name, business registration number, description of goods, price, payment method and estimated shipping time on its sales page. Displaying these 8 points shows the trader's degree of transparency involved in their buying and selling activities. Consumers who are aware of this can avoid being scammed by opting to deal with a reliable dealer who willingly provides all the relevant information. This is because the absence of one of the eight items is reason to invite suspicion in consumers. According to KPDNHEP (2020); PPIM (2020), consumers who do not take into account the obligation to display these 8 items by online traders have led to many of them being cheated when making online purchases (KPDNHEP, 2020; PPIM, 2020).

Consumers' ignorance needs to be eliminated by educating consumers about consumerism and dealing with current issues related to online purchase fraud in order to reduce the number of fraud victims (PPIM, 2020). Reports on online purchase fraud that repeatedly uses the same modus operandi (Mokhtar, 2020; FOMCA, 2020) show that consumers have not learned from past experience. Consumers who take online purchasing fraud cases lightly tend to get involved in the same modus operandi. This leads to an increase in online purchase fraud cases that is difficult to reduce due to consumers' attitude of taking things for granted and thinking that they will not become victims. Victims of online purchase scams also come from various walks of life. Consumers who are less careful will be easily deceived by these fraudulent tactics used by unscrupulous traders. Ignorance also makes



consumers gullible if they do not first obtain important information about the sale item, especially regarding online purchases that limit face-to-face interaction. For example, consumers who do not know the market price of the goods offered are more likely to be deceived compared to consumers who are aware of the market price (KPDNHEP, 2020).

Consumers who like to make hasty and impulsive online purchases can easily become victims of fraud (PDRM, 2020). Purchases made without prior thorough consideration can result in consumers being careless in considering the need for the goods, suitability of the price and quality of the goods as well as the trader's credibility. The trader's background should be verified to ascertain whether there is any involvement in fraudulent activities (PDRM, 2020). Furthermore, more time at home during the MCO presents opportunities for hedonistic or impulsive purchases (To & Sung, 2014). Online purchases are made when the user has no plans to make a purchase. Therefore, users do not have the opportunity to research and make comparisons with other sales sites. Moreover, when it comes to year-end sales or festive season sales that offer goods at low prices, most consumers buy without thinking because they are only keen to possess the goods (FOMCA, 2020). The 'thinking before buying' attitude should be vehemently practiced so that every online purchase is made through a trader who complies with business ethics that reduce the risk of online purchase fraud.

Undoubtedly, KPDNHEP has performed well in its role and responsibility in ensuring that consumers are well-informed and confident in carrying out online purchase transactions. For example, the KPDNHEP website has uploaded several e-guidelines for conducting online purchase transactions specifically for helping consumers to carry out buying and selling activities. KPDNHEP's social media accounts, such as Twitter and Facebook, are also actively uploading graphics about the awareness of making smart online purchases to avoid becoming victims of fraud. However, the increasing number of online purchase fraud cases shows that the authorities have been ineffective in preventing traders from carrying out fraudulent activities by entrapping consumers (MCCA, 2020). Inadequate fraud prevention measures in e-commerce platforms, chat applications, sales sites on social media and websites that cater for online buying and selling activities need serious attention. Advertisements and promotions that do not comply with the Guidelines for Avoiding False and Misleading Advertisements issued by the KPDNHEP Advertising Committee should be disallowed. It is surprising to see advertisements that violate the guidelines still being circulated without any action from the authorities.

As for the purpose of preventing online purchase fraud among consumers, as mentioned above, the publication of a guideline for conducting safe online purchase transactions would be very helpful for consumers. However, guidelines as well as consumer education materials available currently are not widely publicized (MCCA, 2020). For example, KPDNHEP's website is yet to upload a link for users to access the guidelines and education materials. Hence, there is a lack of education about safe online purchases by consumers because they are not aware of the existence of such materials.

### **Ethical Practices of Merchants**

Business merchants, in this case, refer to individuals or groups of individuals involved in marketing business products to consumers. It involves manufacturing parties and third parties involved in marketing activities or selling business products to end users. For example, B2C (business to consumer) e-commerce platforms, such as Shopee and Lazada, are called service providers whose role is to provide a platform for buying and selling activities between traders

and consumers who are registered with them. Thus, if there is any element of fraud involving promotions, such as 'free delivery' or 'discounts' on consumer purchases, the service provider is also considered a perpetrator of fraud because the service provider is responsible for any promotion offered by the merchant. The responsibility is not only on the dealer who sells the product because the dealer is also subject to conditions placed by the service provider. This article only mentions the merchant when referring to fraudsters involved in online buying and selling activities as a whole.

Merchants are the main players contributing to the increasing rate of online purchase fraud. Irresponsible attitudes and unethical practices by online traders contribute towards their fraudulent activities involving consumers (KPDNHEP, 2020). Every online business needs to display 8 items, as listed in Rule 3 of the Electronic Commerce Transactions Regulation 2012. However, most of these online traders do not comply with Rule 3 and take the opportunity to deceive consumers (KPDNHEP, 2020). They do not provide the necessary information to consumers. The absence of information can lead to confusion on the part of the user, which then leads to fraud (Ghapa & Kadir, 2021; Cartwright, 2001). It is even more unfortunate when the disclosure of these 8 items is fulfilled by the dealer just to close a business deal rather than to be fined by the authorities. In fact, the information disclosed could actually be fabricated or fallacious in order to entrap consumers.

Arkelof (2007) mentioned that fraud associated with purchases can result from misinformation or lack of information provided by traders to consumers. Schaper's (2020) survey of online sales ads shows that many of the ads do not display the actual price that the consumer has to pay. Additional charges are only known when the consumer has made a payment. This lack of pricing information or 'imbalance' of information between traders and consumers provides opportunities for committing fraud against consumers (Demaj & Manjani, 2020). Failure of the merchant to correctly describe the details or characteristics of the product, such as size, type and colour, misleads the consumer, who only discovers the true nature of the product after receiving the purchased product (KPDNHEP, 2020).

There are a variety of fraudulent tactics used to lure consumers into making purchases. Many online merchants are familiar with the practice of 'pm tepi' or in other words to contact the user personally through private messages to inform them of the price or other information about the product being sold (MCMC, 2020). One problem that arises from this practice, which is often commented upon in the comments section of the sales page, is mainly that the dealer gives different information to the user. For example, information such as prices that are not displayed in the product advertisement. Users will usually contact the merchant through the comment section on social media to find out the price of the product. The merchant will then ask the user to 'pm tepi'. Prices that are not displayed in the advertisements provide an opportunity for the merchant to set prices at will according to the consumer's response and wishes. Users who pay a higher price compared to other users will feel cheated after discovering the real price. Although traders think this practice is just a marketing ploy to attract greater user engagement to their sales page (Noranisha & Adnan, 2020), the ploy is nevertheless unethical and sometimes illegal because it has the potential to lead to fraud (KPDNHEP, 2020). Hence, the KPDNHEP has prohibited the practice of online traders to ask users to use the 'pm tepi' method if it involves the information contained in Regulation 3.

Cunning ploys used by traders have also succeeded in entrapping more consumers through online purchases (FOMCA, 2020). KPDNHEP (2020) reported that some consumers are influenced by traders' ploys who ask for a high deposit payment, which usually involves

pre-loved goods or low-priced limited-edition goods from abroad. The merchant, who acts as a middleman to obtain the goods, will place a high deposit as an opportunity either to make a quick profit or supply goods not ordered by the consumer. In addition, the merchant gains the trust of consumers by presenting false documents to prove that the merchant is a registered and legitimate merchant. Fake documents involving the identity of another party that has been edited or illegally using the identity of another party deceives consumers (PDRM, 2020).

Among the factors that contribute to online purchase fraud is the increasing number of individuals experiencing difficult living conditions (MCCA, 2020). 2020 saw an increase in the number of unemployed individuals due to the lack of jobs after numerous economic sectors were forced to close due to the onset of the COVID-19 epidemic (PDRM, 2020). Hence, most businesses had closed and many traders turned to online alternatives (PDRM, 2020). The hardships of life forced this group of individuals to continue generating income for a living while paying off their accumulated debts. Many ventured into uncharted business opportunities to generate income by selling and buying online (MCCA, 2020). The desperate urge to carve a living also forced some groups of individuals to use unethical means to make a profit by deceiving consumers through buying and selling activities. This clearly occurred especially during the COVID-19 pandemic involving various personal protection equipment, such as face masks and sanitizing liquids, whereby unscrupulous traders took the opportunity to offer fake items that were of great demand at that time (PDRM, 2020; FOMCA, 2020). Traders offered goods that were of inferior quality than what was claimed in the advertisements, such as the sale of 2-ply face masks which are claimed to be 3-ply or 5-ply face masks (FOMCA, 2020).

Online purchase fraud has been increasingly reported during the cheap sale season, which is participated by many businesses either as service providers or private traders (FOMCA, 2020). Shopee, among others, has seen the most transactions since the MCO was enforced (Statista, 2021). Cheap sale campaigns held every month by Shopee, such as the 1.1, 2.2., 3.3 and so on sales, do contain manipulative tactics to gain the attention of consumers. Claims of 'free shipping' and price cuts or low-price offers are not necessarily redeemable by users. The stated claims are just to attract the attention of users to make a hasty purchase because the promotional period is usually very short or the product being offered is limited in number. Cheap sales involving branded smartphones are among the items that are often used as a tool to make a profit, especially among young teenagers. FOMCA (2020) reported receiving a complaint of false threats against a teenager regarding the purchase of a smartphone for RM200. The teenager was threatened that the matter would be handed over to the police if he was unable to pay the additional cost of RM2000. Manipulation tactics during the cheap sale period (FOMCA, 2020) have forced consumers to make unwise decisions when purchasing goods. Users get carried away with false claims that are hyped up and sometimes go viral. Promotional advertisements are more dangerous and can increase the number of fraud victims because these advertisements serve as a very good opportunity for dishonest traders.

Online fraud involving traders' unethical practices is difficult to control when there is no strict government enforcement. The ease of using the Internet with such a wide reach enables almost anyone to do business online even if they are not registered with the Malaysian Companies Commission (MCCA, 2020). There is no governmental control on online traders (MCCA, 2020), who are sprouting like mushrooms after a rain, especially when the pandemic started in 2020. Those conducting online businesses are in fact not required to be registered

under SSM since business registration is voluntary (KPDNHEP, 2020). The online buying and selling system now involves a lot of dropship agents dealing in existing business products without having to hold or manage stocks, hence, they only need to send the details of the buyer's order to the supplier. The existence of dropship agents who do not actually own the business is almost identical to the role played by a promoter in a physical premise. The difference is that these activities are carried out online and often occur through chat applications, such as WhatsApp and Messenger. Thus far, there are no regulations that require online traders to have a business license, while the obligation to register online businesses is yet to be fully enforced.

As a result of the absence of such registration, there is no entity that checks the qualification and background of these traders that qualifies them to do this business (MCCA, 2020). Therefore, consumers may not be aware that they are dealing online with a merchant who is under the age of 18. Cases of fraud by traders not only involve local traders, but also foreign traders. The purchase fraud case involving the sale of smartphones by foreigners to Malaysian local users (MCCA, 2020) proves the failure of regulations that control online business activities.

The impact of the lack of control over dumping by traders who are free to buy and sell online has led to difficulties in identifying these traders. The merchant's identity is unknown and cannot be determined by the user, which makes it easier for users to be deceived by online purchases and difficult for enforcement authorities to take immediate action. The period required by the authorities to identify the perpetrators of fraud makes it convenient for perpetrators to escape after reaping the profits from their illegal and unethical trade practices. Online merchants can maintain their identity status without being discovered by anyone and act anonymously, which allows them to daringly sell goods that do not exist to consumers, largely using the modus operandi of obtaining payment from consumers in advance through Internet banking transactions.

The frequency of cheap sales and promotional campaigns that are often held, especially on online purchase platforms, have opened up a wide range of manipulative and fraudulent activities (FOMCA, 2020). Furthermore, amendments to the Trading (Cheap Selling Prices) Regulations 1997 in 2019 stipulates that businesses are no longer restricted to the number of times they can hold a cheap sale, which previously was only four times a year. Dealers are allowed to hold cheap sale promotions according to business needs and requirements. In addition, the application period for holding a cheap sale was also shortened to one day from the previous 14-day period before the amendment. KPDNHEP now, due to this amendment, have to play a greater role in protecting consumer rights by making it an offense for traders to make false or misleading statements in their cheap sale advertisements. (Bernama, 2020). Despite this, KPDNHEP recorded 78 cases of violation of the cheap sale rules as of last August involving the confiscation of goods worth RM44,604. Violations consisted of traders placing misleading sale prices, not displaying sale notices and conducting sales without a notice with a compound value of RM23,150 (Zolkipli, 2020). Regarding the offense of not displaying a bargain sale notice, traders should no longer have an excuse for not applying for a bargain sale notice because they can apply and obtain an approval within one day before the date of the bargain sale (Bernama, 2020). This shows that such amendments have provided an advantage to traders and indirectly jeopardized online users. The relaxation of these regulations should be accompanied by stricter enforcement and monitoring by the authorities so that traders do not arbitrarily display manipulative, false and fallacious promotions.

## Conclusion

Based on the discussions above, it is clear that online purchase fraud is closely related to the consumers' attitude and traders' unethical practices who act as buyers and sellers. Among the consumers' attitudes that causes them to become victims of fraud is their careless attitude when making purchases. Consumers do not care much about education or knowledge related to consumerism that has been provided by the government and non-government parties.

In addition, the fraud is also caused by unethical practices of online traders who are generally cunning to take advantage of consumers' weaknesses. Among the tricks used is to present misleading information and not assuming responsibility for the goods traded. In short, traders do not adhere to ethical practices that should be applied to mould honest traders during sales and purchase transactions. Therefore, in efforts to reduce the statistical rate of online purchase fraud cases, consumers' attitudes and traders' ethical practices in every online purchase activity needs to be improved.

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