Chapter 41
Control Mechanism of Identity Theft and Its Integrative Impact on Consumers' Purchase Intention in E-Commerce

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ABSTRACT

There are many collection and application sources of identity theft. The Internet is one of the vulnerable medias for identity theft and is used, especially, as an application source of identity theft. This current chapter has twofold objectives. As the first objective, it develops a conceptual framework to prevent/control identity theft of E-Commerce (EC) in conjunction with different sources if identity theft. From this framework and shedding light on the recent literature of sources of identity theft, the authors identify global laws, controls placed on organizations, publications to develop awareness, technical management, managerial policy, risk management tools, data management, and control over employees are the potential measuring items to prevent identity theft in EC. All EC organizations are struggling to control identity theft. This chapter argues that control mechanism of identity theft has both positive and negative impact on EC. This chapter sets its second objective to explore the integrative effect of overall identity theft control mechanism on consumer trust, the cost of products/services, and operational performance, all of which in turn contribute to a purchase intention using E-Commerce (EC). A case study in banking sector through a qualitative approach was conducted to verify the proposed relations, constructs, and measuring items.

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BACKGROUND

Proliferation of online transaction throughout the world has made supply chain management, business-to-business (B2B), Electronic-commerce (EC), and Electronic-government operations feasible and more citizen-centric; eventually, it also has created many sources of substantial crimes (Acoca, 2008). Among many types of cyber crimes, identity theft is one of the major devastating types of crime which sometimes challenges the enormous success of online transactions. Though the major source of identity theft is not EC transactions (Collins, 2003; Newman, 2004); identity theft plays a significantly negative role in purchase intention for the consumers of EC. Identity theft is a new type of crime, facilitated through established and traditional crimes such as forgery, robbery, stealing, counterfeiting, check and credit card fraud, computer fraud, impersonation, and pick pocketing (Barker et al., 2008; Mediati, 2010). With the passage of the Identity Theft Assumption and Deterrence Act.1 in 1998, the United States declared identity theft a crime. Identity theft is defined as the illegal and unauthorized acquisition of personal identity in order to engage in unlawful acts (Seminole County Sheriff's Office, 2003; Sorbel, 2003; Hutchins, 2007). California Department of Motor Vehicles (2002) described personal identifying information as a person's name, address, telephone number, driver's license number, social security number, place of employment, employee identification number, mother's maiden name, demand deposit account number, savings or checking account number, or credit card number. Identity theft may be broadly defined as the unlawful acquisition and/or use of any aspect of an individual's personal information for the commission of some form of criminal activity (Hoar, 2001; LoPucki, 2001; Slosarik, 2002; Federal Trade Commission, 2007, Anderson et al., 2008). Identity theft occurs when thieves use the personal or financial information of a person (the victim) to create a fake identity. This fake identity is used to obtain money from the victim or an institution, credit, goods, services, privilege, any type of opportunity, or property to commit a felony or misdemeanor, or to hide personal identity. Several researchers agreed that identity theft is one of the potential risks for the proliferation of EC (Goel and Shawky, 2009; Miller and Tucker, 2009; Roberds and Schreft, 2009)

According to a report published by Privacy & American Business Survey (2003), 33.4 million Americans have been victims of identity theft since 1990. More than 13 million Americans have become victims of identity theft since January 2001. Consumer are losing $1.5 billion annually since January 2001. 34 percent of those surveyed report that someone obtained their credit card information, forged a credit card in their name, and used it to make purchases. 12 percent say that someone stole or obtained improperly a paper or computer record with their personal information on it and used that to forge their identity. 11 percent report that someone stole their wallet or purse and used their identity. 10 percent say that someone opened charge accounts in stores in their name and made purchases on these accounts. 7 percent report that someone opened a bank account in their name or forged checks and obtained money from their account. Another 7 percent say that someone stole their mail and used the information obtained to steal their identity. 5 percent say that when they lost their wallet or purse someone used their identity. 4 percent report that someone obtained information from a public record that they used to steal their identity. 3 percent say that someone created a false ID to get their government benefits or payments. 16 percent say that a friend, relative, or co-worker stole their identity. The seven million victims, which the survey identified in 2002, represent an 81 percent rise over the numbers of victims in 2001. This is a partial picture of identity theft.

Identity theft is the fastest growing crime in America (Nakasumi, 2003; Hoofnagle, 2007). According to Gartner Research and Harris Interactive, approximately 7 million people became victims from