


# Chapter 5

## Cross–Border E–Commerce Security Issues and Protections

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### **ABSTRACT**

*E-commerce enables brands to reach their customers globally anytime they want to shop and provide convenience to the busy and demanding customer. These days, cross-border e-commerce is accelerating faster compared to domestic e-commerce. Cross-border e-commerce is considered to be a separate body which has its own budget and resource allocation. It focuses on new opportunities that help in gaining market share and sales. This can result in lower marketing costs in the long-term. India contributes 0.8% of a \$600 billion global cross-border e-commerce market. Thus, this is an enormous target segment that exporters can focus to expand their international business. There are numerous advantages of cross-border e-commerce, which will be discussed in detail in this chapter. This chapter discusses the meaning of GDPR, the subjects of GDPR, and the effects of GDPR on individuals and organizations. This chapter also states the impact of GDPR on different fields and technologies. In addition, the major cross-border e-commerce security issues are analyzed, and optimal solutions are discussed.*

## **1. INTRODUCTION**

International Online Trade is generally regarded as cross border E-commerce. As per World Trade Organization (WTO), in fourth quarter of 2019, the world has witnessed 4784 billion dollars exports trade and 4842 billion dollars imports trade. As per Mc Kinsey reports ecommerce constitutes around 12% of this global trade. India Contributes 0.8% of a \$600 Billion Global Cross Border e-commerce Market. Thus, this is an enormous target segment that exporters can focus to expand their international business portfolio. However there are major challenges such as uncertainty in foreign trade policies, lack of proper infrastructure, lack of global ecommerce policies that are hindering the growth of the field. Considering the current scenario, online retailers should be able to adopt the fluctuations and changes in the currency market, and they should even be able to fulfill the payment preferences of the users. Even though lots of users and shoppers are using credit cards, PayPal and many other online payment modes, there are some people who still prefer cash on delivery. In some countries, people still prefer payments through demand drafts. When it comes to cross-border sales, shipping and logistics are the two biggest hurdles faced by the retailers. Except for digital downloads, strong logistic process should be developed. Not only for online retailers but also for offline retailers, effective logistics is always considered to be a great boon.

The products in cross-border e-commerce will require long distance transport. The logistics related issues should be taken into consideration and there is a need to address them. There is a need to overcome the increasing prominent factors like long transport time, high shipping costs and bad return services. Hence, there is a need to maintain international cooperation between all involved parties like governments, merchants and service providers. Some small business organizations and retailers feel it difficult to offer reverse logistics due to expenditure related costs, custom duties and many more related factors. Furthermore, these retailers need to opt for a logistics partner which will be able to facilitate international access and capable of providing that level of customer trust. This factor is also quite prominent when it comes to payment and fraud prevention. The partner should provide support for paperwork related to cross-border sales and payments. Also to smooth the path of cross-border e-commerce multiple parties have to work alongside simultaneously. The problem arises from the fact that each of the parties will have a different motivation level, understanding and sense of urgency.

Expansion of cross-border e-commerce internationally demands an understanding of the fraud profiles of the countries in which merchants find to offer services as well as appreciation of buying behavior and consumer payment preferences in those countries. The way of implementation of fraud prevention measures will depend on the specific nature of the data security and consumer protection legislation in each country. With the introduction of new sales channels and payment methods, these are targeted by the fraudsters. So, well suited fraud prevention strategies are required. The mobile fraud rates are above the average level. As the mobile commerce grows rapidly around the world, more fraudsters can be expected to target this channel. There is a need to tailor the fraud strategies and rules carefully and precisely which helps to address both specific authentication challenges that are presented by the mobile commerce and particular behaviors of the mobile consumers in the different parts of the world. In spite of the risks and complexity, the mobile commerce and the international e-commerce provides a clear and compelling opportunity for online merchants.

This chapter will discuss the legal challenges faced by a non-EEA e-commerce business in complying with the cross-border data transfer restriction under the GDPR (Geko and Tjao, 2018), with respect to its processing of customer's personal data. Also will discuss in detail about GDPR and cross border

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