



Modern Form Of Older Crimes: Computer Related & E-Frauds

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Abstract

Fraud is a tremendously expensive business problem. Due to rapid increase of internet for conducting business, today one is exposed to a new type of fraud i.e. E-Frauds. Gone are the days when someone forcefully acquired your belongings, In today's modern world, gimmicks have overpowered violent way of stealing. In the fast moving world when we are always facing shortage of time, we try to reduce our movement and do the business on the internet. Right from purchasing deodorant to a piece of land on moon, the e-trailers promises to deliver the deed at your door step. It is very important that one understands the nuances and possibilities of falling in the trap of E-frauds. Computer and Internet has changed the form of older wrongdoings.

By this article a modest attempt have been made to make the reader aware of the risks inherent in the new fraud area and how one needs to channelise the attention for proactive fraud prevention efforts.



Keywords: Credit cards, E-frauds, E-commerce, Fraud detection, Online dealings

Introduction

There is a tremendous rise in the rate of occurrence and amount of E-frauds in the recent past. When one does business in E-form, there is a lack of personal contact and the wrongdoers can't see the private hurt they are initiating while defrauding societies. As the buyer and seller are hidden behind the computer screen, people are desensitized from knowing right and wrong. One needs to understand that E-business also has the same cycle like acquisition, sale, rendering services, paying expenses etc. only the medium of exchange is different. With a click of a button one can send money thousands of miles away, one can buy a luxury car or a limited edition pen. Every easy or quick way to success has a drawback which one should be aware. Just like Heat, Oxygen & Fuel are the three elements that ignite fire; Pressure, Opportunity and sometime Rationalisation are the three elements of the fraud perpetrators. But because of the lack of the personal contact in E-business, there is an inherent risk of falling in the trap.



United States was the first country in 1950s where electronic computers were used for commercial purposes. Though extra media attention is given on mischief-maker breaking into supercomputers (hackers) but deceitful distribution of funds by a dishonest claim is most prevalent electronic crime. It may be by untrue invoice, or incorrect refund claim, fabricated expenses claim etc. Misappropriation and larceny of funds by staffs were not heard of before computers came into organisations. The e-commerce market in India is still in its infancy. Though, with the quantity of internet users snowballing every year and credit card dealings on



the upswing, there is a enormous potential for internet retailing in India. India has grown by 34 percent in the last seven years, was about USD 600 million in 2011-12 and is expected to touch USD 9 billion by 2016 and USD 70 billion by 2020. With second most populous country in the world and emerging socio economic progress, E-Frauds in India are on the rise. Some frauds are reported and many are not as there is lack of cyber law awareness in India. Certain e-commerce websites which are dealing with online chemist's, online betting and gaming, online marketing of grown-upproducts etc. are amenably and uninterruptedly violating the cyber laws of India due to lack of government scrutiny and deterrent law. The end customer has to bear a tremendous loss. The Indian buyer is also not aware of the legal provisions under which he can file a case if deceived.




Online Temptation Trap

There is a rapid increase in online shopping which has led to explosion of payment gateways, internet, plastic money and mobile wallets. E-commerce, in India is still in the inception stage where neither big nor small players have made genuine profits. But on the other hand it faces a risk of being distorted by deceitful merchants. Like thorns come with every rose shrub, too many problems have surfaced in current times. Snapdeal and Flipkart are in the run and acquiring the



smaller players like esportsbuy.com [bysnapdeal](http://bysnapdeal.com) and letsbuy.com by [flipkart](http://flipkart.com). The then Minister of State for Communication and IT, Mr. Milind Deora said in a written reply to Rajya Sabha that total monetary loss suffered by Indians as reported to RBI was around Rs 54 crores in the first six months of 2013-14. He also said that with increasing penetration of Internet, mobile, computer, proliferation of Information Technology applications and online services, e-commerce and payments through credit cards and debit cards, the number of cybercrimes being reported has shown a rising trend during the recent past. It is impossible to completely abolish the chance of fraud but appropriate measures taken can lessen the frauds.

One should keep in mind the following Dos and Don'ts while indulging into online dealings:-

- Use a trusted URL because untrusted URL will be a trap laid by the perpetrator to snatch away your personal data. Sometimes the website and product looks so attractive that our attentions are diverted to the genuineness of the same.
- While exploring such sites, one should check whether the first part of their address ends with an 's'. 'https' stands for secure and one should go for sites which are secure.
- It's very important to enquire whether the sites which one is selecting have an office in one's city or at least state. One should go only for such sites which have local offices. If there is a local office, kindly contact them and check the authenticity of the same before dealing.
- One should also find out whether there has been in the past any complaint against the online agency through complaint forums. Opt for only those agencies with clean record.
- Form a habit of asking your neighbors and friends about online shopping experiences and only use the recommended sites.
- One should read all the contents before giving the consent to acquire as certain hidden charges are laid down in a very fine print which will appear in your total bill to be paid.
- Because of the liking of the product, one will be tempted to buy it online and will use credit card for the payment. One has to be very careful while giving personal details if asked. It may lead to identity theft.
- A padlock  ensures genuineness of website, so when you are buying online, do check whether the padlock icon appears either in address bar or at the bottom of the navigation page.
- A common mistake we commit is we check and compare only the price and not the quantity. In a retailer store 1 kg pack of a certain product is available for Rs 50 and on website it shown as Rs 42 but the quantity will be only 750 grams and not 1 kg which we only realize after we get the delivery and the payment is already done.



- One should also check the origin and reputation of the seller because some websites allow and trader to sell any type of goods. There has been enormous increase in bogus or bootleg products.
- It is imperative to read all the specifics to ensure that the product is actually the brand name product you originally intended to buy. In a hurry one will buy a product of different company presuming it to be branded one like “Raymon” instead of “Raymond”.
- One needs to check very properly the details regarding the refund process/ returning process if we receive broken or damaged product. Remember to check the reliability of all websites before buying. For instance, Diamond pendent of Rs 30,000 is on sale for Rs 12,000, we are tempted by such offers only to realize that the pendent will never be delivered. Always smell a rat if the offers seem too good to be true.
- One has to check whether the e-commerce websites owners ensure the cyber law due diligence in India.
- Sometimes we get direct mails and flashy advertisements which tempt us to buy from fly-by-night operators and we tend to lose.
- It is advisable to buy online from companies own website rather than e-trailers.
- It is desirable to shop through cash-on-delivery rather than use debit or credit cards.
- Also beware of pyramid schemes, stock schemes and work-at-home schemes. They will tempt you with a guarantee payment in lieu of an initial deposit.
- Spoofing or Website cloning: the swindler creates a hoax web site or to say duplication of a website for criminal use. The fraudsters use legitimate companies name, logos, graphics and even code. In many cases you might have been directed by a link to reach that hoax website. If you come out of that website and again try to login in through URL into a new web browser and you come to know whether it is genuine or not.
- Also be careful of internet gambling- virtual casinos. An online gambling establishment appears and disappears with consistency and after accumulating from losers they don't pay to winners.
- One might receive fraudulent emails congratulating for winning a substantial amount of money in a lottery draw. When we reply to them they ask for our bank accounts and other personal information so that they can transfer the winning amount to our bank account. These are false emails so don't fall in trap and share any of your personal details.
- Be careful of fraudulent / collusive merchants. In many cases collusive merchants use a legitimate business as a front and look to card fraud to earn income.
- It is advisable to use Virtual Keyboard for typing passwords, credit cards numbers or any important information.



- After you complete your transaction payment online, don't forget to log off. We have a wrong habit of not logging off and only closing the browser.
- To check the authenticity of any website, stops reliance on the links and always try to open it by copying the address in a new URL.
- Sometimes you might notice that your log-in IDs or password appears automatically on the sign-in page of a secure website then in such case don't forget to disable "Auto complete" function by going to the tools> internet options> content> personal information > click Auto complete, to increase the security of your information.
- Secure your personal computer/laptop always by reading "Computer Safety Measures".

According to RBI, there are about 1.9 crore credit card users in the country. According to latest data by RBI for 2014, about Rs 14,000 crore of transactions went through in June. About a fourth of the 17,867 complaints that India's banking ombudsmen received in 2012-13 were related to card transactions.

The online payments market size (on the basis of net transaction cost generated) is estimated to be in the range of \$700-800 million in 2013, growing at a CAGR of 50% over 2007-13, according to the India e-commerce industry outlook to 2017, although market estimates significantly vary. Half the online purchases are carried out via private banks' payment gateways.

(\$ billion)

E-COMMERCE STATISTICS							
	INDIA	USA	CHINA	AUS	BRAZIL	SRI LANKA	PAK
Internet users (million)	137	245	538	20	79	3.2	29
Penetration (%)	11	78	40	89	40	15	15
Online buyers (million)	25	156	270	11	27	2	NA
Online buyers (as % of Internet users)	18	64	50	55	34	63	NA
Consumer e-Comm	13	224	210	30	19	2	4

Source: Internet World Statistics 2013 & KPMG-IAMAI (Internet & Mobile Association of India) report 2013

There are many kinds in E-commerce. B2B (Business to Business), B2C (Business to Consumer) and C2C (Consumer to Consumer) are the three popular forms of E-commerce applications. As internet upsurges commercial opportunities, there are new fraudulent and sophisticated techniques being developed by the fraudster. Generally the cyber criminals are between the age of 18 to 24 years. They are brilliant and they are there to prove something. So we have to be very cautious. Though all the venturers don't enter the E-commerce space with fraudulent intentions but around 11% internet penetration in India, it is too early to write off the E-commerce sector. Potential for growth of E-commerce in India is enormous. Around 0.11% of the total retail sales in India are by E-commerce which is very less as compared to other countries. It is projected that out of 137 million people use internet and about 25 million are online shoppers.



At the current growth rate, mobile usage is expected to reach 310 plus million by 2015. Mobile commerce is the next rational step for Indian merchants. With the growth of mobile phones and augmented issuing and use of debit and credit cards, mobile commerce will bring robust growth over the coming years. This virtual wallet is shifting the face of business by permitting consumers to merely make “tap and go” outflows with their mobile devices, while increasing reliability at merchant locations. India is a young country with 60% of the population is below 40 years. The Indian ecommerce bazaar is fresh, un-mastered, challenge ridden and speedily progressing – every player who is incoming into it now is an adventurer. The total number of internet users in India are more than overall population of few developed countries so the future of E-commerce in India is very bright but we should be aware of its pros and cons.

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