

## Consumer Protection in E-Commerce in Vietnam today

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**Abstract:** E-commerce in Vietnam is making a strong breakthrough with the average growth rate in the past years from 25% -30% over year (General Statistics Office of Vietnam, 2018). In 2018 alone, Vietnam's e-commerce growth rate reached 30% with total e-commerce retail revenue (B2C) reaching over US \$ 8 billion. With the increase in the number of people using telephone and internet as well as social networks, the potential of e-commerce activities in Vietnam is even more exciting. However, along with that are many challenges posed to domestic enterprises when competing with large foreign enterprises. Product quality is also a matter of concern and how consumers will be protected in the form of e-commerce trading. These are issues that need to be problems raised and addressed. The article assesses the current status of e-commerce development, market potential, the need to protect consumers and makes some recommendations to enhance the development of Vietnam's e-commerce market.

**Keywords:** Consumer, Protection, E-Commerce, Vietnam, Today

**Introduction:** According to statistics, in 2018, Vietnam's e-commerce retail revenue grew by 30%, reaching nearly US \$ 8 billion (In 2016, e-commerce retail revenue stood at US \$ 5 billion, up 20 % and 2017 was 6.2 billion USD, up 24%) (General Statistics Office of Vietnam, 2018). A recent survey on the online shopping market shows that 78% of fashion shoppers are in fashion, while 50% in information technology and 44% in cosmetics. Customers mainly shop on smartphones through shopping apps such as Shoppe, Lazada, Tiki ... or on social networks like facebook, Zalo. Preliminary statistics also show that Shoppe, Tiki ... are the "big players" in Vietnam's e-commerce market. Specifically, Shoppe is the e-commerce site used by most consumers in shopping with items: Fashion, beauty and food. However, in terms of customer satisfaction, Tiki is significantly higher than Shoppe and Lazada with 46% of Tiki shoppers being satisfied with the service while Shoppe's figure is 22%, Lazada is 24% (General Statistics Office of Vietnam, 2018).

Buying and selling goods through domestic e-commerce trading floor is currently in boom period. However, quality control and other commercial frauds when buying through online stores are lax. Many trade dispute cases stem from e-commerce distribution channels, but the role of regulatory and arbitration roles of competent state agencies have not been fully promoted. It can be said that the development of e-commerce in the world and Vietnam has changed the traditional way of doing business and transactions and brought great benefits to the society. However, besides that, it must be acknowledged that the risks encountered in the process of transactions and online business are real and this requires solutions not only technically but also need form a number of complete legal bases.

Practical experience in the world shows that, in order to promote e-commerce development, the role of the State must be clearly shown in two areas: (1) building policies and creating a favorable environment in the field of electronic service supply; (2) develop a complete, consistent and specific law-making system to regulate e-commerce relations. If we lack a solid legal basis for e-commerce to operate, businesses and consumers will be very confused in dealing with related issues and competent state agencies rights will also be difficult to control e-commerce business activities.

E-commerce is basically the application of electronic means to business and commercial activities. Currently, the Internet network is developed and widely available, facilitating the development of online business activities and bringing great business value and benefits to business entities. Entities participating in e-commerce activities, besides complying with direct regulations on E-commerce, must also comply with other relevant laws such as business investment, commerce and civil matters. Therefore, building and perfecting the legal system on E-commerce becomes necessary and urgent. The law on e-commerce is considered a legal tool to protect and orient business subjects and create a business environment through safe E-commerce. Based on the provisions of law, the subjects determine their rights and obligations, and at the same time choose the method of dispute resolution that best suits their actual conditions and circumstances when a dispute occurs out.

**E-Commerce and History of E-Commerce in Vietnam:** E-commerce or EC is the purchase or sale of products or services on electronic systems such as the Internet and computer networks (Rosen, A., 2000). E-commerce is based on several technologies such as electronic money transfer, supply chain management, Internet marketing, online transaction process, electronic data exchange (EDI), management systems inventory and automated data collection systems. Modern e-commerce often uses the World Wide Web as a minimum point in the transaction cycle, although it can cover a broader range of technologies such as email, mobile devices like the phone. E-commerce is often seen in the aspect of e-business. It also includes data exchange that facilitates the financial resources and payment aspects of business transactions (Thomas Mesenbourg, 2009).

The forerunner of Electronic Commerce is EFT (Electronic Fund Transfer) among organizations, developed in the 70s of the last century. Next is EDI (Electronic Data Interchange), the technology used to transfer documents and data between large enterprises.

The Internet was born in 1969, initially used only in the US government, then to universities, research institutes, then the Internet was commercialized leading to the introduction of the World Wide Web in the early 1990s and formed the name E-commerce.

In Vietnam, since the advent of the internet in 1997, e-commerce has also formed, but its growth has been slow. In recent years, along with the development of internet access and connectivity, electronic transactions have developed. The first is the payment services by card, then online shopping websites also appear and develop quickly. The object of deployment and online payment application increased sharply, starting with the event of Pacific Airlines Joint Stock Company (now Jetstar Pacific Airlines Joint Stock Company) and Bank for Foreign Trade of Vietnam cooperated to deploy buy air tickets online, pay by credit card in February 2007. Next, a series of services allowing payment by card also appeared, such as: electricity, water, Internet, telephone, insurance, etc. The number of banks involved in card payment also increased, including: Techcombank, DongAbank, Eximbank, Viettinbank. The third organizations providing online payment tools are formed, among which is Onepay Joint Stock Company (<http://onepay.vn>). Not only limited to basic services, the website of goods purchase and sale also allows trading by card payment such as [www.chodientu.vn](http://www.chodientu.vn), [www.azshop.vn](http://www.azshop.vn) ... Up to the beginning of 2010, only The number of credit cards issued by Visa Card Organization in Vietnam has increased by more than 1 million, an increase of more than 900% compared to 2005 (Visa Card Organization in Southeast Asia, 2010).

The development of modern technology along with the needs of people increasingly wanting to save time, effort and the desire to have more options has given rise to another form of business, helping us no longer have to take time to the store to trade, buy and sell products, just sit at home to access the Internet, click a few clicks, confirm by phone and have someone bring the product to your door. People call this type of business an online sale or a formal name rather than e-commerce.

Information technology has a profound impact on all aspects and fields and increasingly plays an important role in the field of trade. The concept of “E-commerce” has officially appeared in the commercial activities of countries; in national and international legal documents (Quy, M. H., 2000). This is a field that has a significant impact on companies, traders and consumers worldwide. However, e-commerce activities are not only economic in nature but also subject to regulation of law. Compared to other countries in the world, e-commerce in our country is still a relatively new field and the laws governing this field have only appeared in recent years.

**Consumers in E-Commerce:** Consumer or consumers is a broad term used to refer to individuals or households using products or services produced in the economy. The concept of consumers is used in many different contexts so the usage and importance of this concept can be very diverse. Consumers are the people in need, able to buy products and services on the market for life; consumers can be individuals or households. As such, “consumers are people who buy and use goods and services for consumption and living purposes of individuals, families and organizations” (Act to protect the interests of consumers, 2010).

Note: Consumers are not necessarily “buyers”! For example: Users of goods and services purchased by family members are also consumers; people who buy or use goods or services for production or resale purposes are not considered consumers. For example: people who buy sugar, rice, flour of all kinds ... processing confectionery or resell are not consumers.

Consumers in the form of online selling, in addition to the provisions above, consumers in the form of online selling may also understand as follows:

**Shoppers via Internet:** Consumers can view product images via networked devices. Vietnamese consumers tend to use mobile phones and social networks to conduct transactions and online shopping.

**Buyers through virtual distribution channels:** With traditional shopping, goods are distributed to stores, with online shopping; goods are distributed via electronic exchanges, auction website and social network.

**Shopping anywhere and anytime:** Consumers can choose, buy, and sell at home through internet access with payment via credit cards. Especially, when the current use of high-speed internet is becoming popular, convenient, and affordable, consumers can sit at home to choose products with full sound, images, information specifications, convenience and time-saving compared to having to search for goods in shops and supermarkets.

**Many goods, many suppliers to choose:** With e-commerce business methods, the number of goods that stores and businesses provide and is diverse, plentiful and easier to choose than with traditional business forms. In fact, consumers have to spend a lot of time traveling between stores and even at a store, it takes a lot of time and it is difficult to choose or search for a product.

**Rights and Obligations of Consumers in E-Commerce in Vietnam:** Before the “innovation” years (1986), the society’s awareness of consumers ‘interests in general and the legal system to protect consumers’ interests in particular did not exist. The planning-based subsidized economic management

mechanism focuses on the production of goods and the provision of services, and the needs of consumers are managed by the state through the stamp system.

Since the “innovation” period, when Vietnam shifted from a centrally planned economy to a market mechanism, there has been a sale and purchase relationship between one party, a manufacturer and trader of goods and services. service with a party who pays money to buy goods and services for living, consumption of individuals, families and organizations (collectively referred to as consumers) and the role of consumers on more advanced.

In this context, the protection of consumers’ rights has been set and consumers’ rights are determined by legal documents such as the Ordinance on the protection of consumers’ rights with the participation of organized as the Ministry of Science, Technology and Environment (now the Ministry of Science and Technology) - the agency responsible to the Government for unified state management of consumer rights protection nationwide. General Department of Standards, Metrology, Quality, Sub-Departments in provinces, cities, Association of Standards and Consumer Protection (VINASTAS) and network of Departments of Science, Technology and Environment and Insurance Associations protect consumers’ interests in localities.

The Ordinance on Protection of Consumer Rights in 1999 was the first step in protecting consumer rights. However, the Ordinance on the Protection of Consumer Rights has revealed limitations and shortcomings such as the feasibility of the Ordinance and the guiding Decree are not high, many fairly general provisions are difficult to enforce; some points are not up-to-date or covering the issues related to trade liberalization and the process of international economic integration of Vietnam, especially after Vietnam became an official member of WTO. There are not yet strong sanctions for consumer protection agencies (Laws of countries such as the United States, Malaysia, India, etc. all grant sanctioning authority to consumer protection agencies) and there is no regulation on coordination mechanism between agencies and organizations on protecting the interests of consumers to ensure the effectiveness of this work.

Therefore, the Ministry of Trade as an agency performing the function of state management in this field proposes to supplement, amend the Ordinance on Protection of Consumer Rights and upgrade it into a Law to suit requirements of the new situation.

The Consumer Protection Law was passed by the National Assembly of Vietnam in 2010, in which Article 8 stipulates that consumers have the following rights:

Consumers are guaranteed ensure safety for life, health, property, other legitimate rights and interests when participating in transactions and use of goods and services provided by organizations or individuals trading goods and or services.

Consumers are guaranteed provided with accurate and complete information on organizations and individuals trading goods and services; content of goods and service transactions; origin and origin of goods; be provided with invoices, vouchers, documents related to transactions and other necessary information about goods and services that consumers have purchased and used.

Consumers are guaranteed select goods, services, organizations and individuals trading goods and services according to their actual needs and conditions; decide to participate or not participate in transactions and the agreed contents when participating in transactions with organizations or individuals trading goods and services.

Consumers are guaranteed contributing opinions to organizations or individuals trading goods and services on prices, quality of goods and services, service style, transaction methods and

other contents related to transactions between consumers and organizations and individuals trading goods and services.

Consumers are guaranteed participating in developing and implementing policies and laws on consumer rights protection.

Consumers are guaranteed claim damages when goods or services are not up to standards, technical regulations, quality, quantity, features, utilities, prices or other contents that organizations or individuals trading goods, published, listed, advertised, or committed services.

Consumers are entitled to complaints and denunciations, initiate lawsuits or request social organizations to institute lawsuits to protect their rights in accordance with this Law and other relevant laws.

In addition to clearly defining the rights of consumers, Article 9 of the Law on Consumer Protection also defines the obligations of consumers, specifically as follows:

Consumers are obliged to check the goods before receiving them; choose to consume goods and services with clear origins, without harming the environment, contrary to fine customs and social ethics, without causing harm to their life and health and of others; to correctly and fully guide the use of goods and services.

Consumers are obliged to inform concerned state agencies, organizations or individuals when detecting unsafe goods or services circulated on the market, causing damage or threatening to cause damage to the lives, health and property of consumers; acts of organizations or individuals trading goods and services infringing upon the legitimate rights and interests of consumers.

**Some Issues Raised with Consumers in E-Commerce:** But also from this very early stage of development, frauds and violations of consumer rights have appeared. In 2005 alone, the number of cases of theft and the use of fake cards for transactions on trial increased to over double digits. A number of particularly serious cases have been posted on the mass media to warn consumers, such as: Nguyen Le Viet (credit card division of Vietnam Export Import Commercial Joint Stock Bank - Eximbank) took advantage of the position; marketing and filing a card opening for 57 customers then arbitrarily withholding the card and appropriating a total of more than 5.1 billion VND for personal spending. The case lasted for nearly a year, from July 2015 to June 2006 when it was discovered. Viet and the concerned defendants have been tried by the Court for a total of 36 years in prison, which must jointly pay the outstanding amount of 1.3 billion VND. On a smaller scale, but a common violation, Nguyen Anh Tuan and his accomplices have set up a website pretending to be an intermediary of a number of large foreign banks with a mission to “protect the credit card information”, then send a notice to a number of foreign credit cardholders (US and UK) asking these cardholders to submit their information to Tuan’s website and use the data to make fake credit cards. Within only October to December 2015, Tuan used these fake cards to withdraw a total amount of 800 million VND.

With the characteristics of e-commerce transactions, the seller and buyer do not meet directly; the buyer also does not have direct contact with the goods, so the case of delivery is not the same as the product introduced about both design and quality. In this case, if the seller intentionally cheats and the buyer has paid the money in advance, the loss is always the buyer. In addition, e-commerce purchases are often consumer goods, with small value, so buyers are also afraid to complain to claim their rights.

The Department of Competition and Consumer Protection (Ministry of Industry and Trade) said that recently, there have been many complaints and complaints from consumers related to phone fraud, via sales websites. Accordingly, this unit (2018) said that the cases mainly started with the first order

that consumers receive a phone about winning a voucher worth 5 million VND, which is used to buy electricity phone worth 8 million dong, meanwhile, consumers only pay 3 million dong. In addition, consumers are offered gift vouchers worth millions of VND to buy at supermarkets across the country. However, the products that consumers receive are phones of very low value, even unusable. Along with that, the offer is not valid for use as advertised.

It is known that, in order to win consumers' confidence, the subject provides some information related to the previous transaction of the consumer, such as announcing the shopping of consumers at A Trade Center, at B electronic supermarket ... should have the opportunity to win or buy goods at preferential prices.

It is worth mentioning that, the relevant information is often true information so it is easy for consumers to think that this is a program implemented by a reputable business. The form of delivery of objects is usually sent by post, pay money before opening the goods. "The handling of the above cases is often difficult due to the fraudulent subjects using incorrect contact information, unregistered phone numbers, using fake addresses and impersonating units' names other or do not have sufficient legal basis to work with stakeholders because the transactions are carried out by phone"(Department of Competition and Consumer Protection, 2018).

Earlier, the Competition Administration Department (old name) has also received a large number of consumer complaints about being cheated on phone purchases. Consumers reflected that company employee X called to announce the winning of a voucher worth 5 million VND and could be used to buy Samsung Galaxy A8 phone for over 8.5 million VND. Consumers pay only the rest of over 3.5 million VND. But when receiving the goods, the buyer discovered the product is a phone MIQ A8 with a very low value (about one million dong). When consumers claim benefits, the company refuses to exchange goods, refunds, and does not acknowledge the advertised content ... making the case complicated, resolving for a long time and having to ask the authorities ability to interfere.

## **Several Solutions to Protect Consumers in E-Commerce**

### ***For Shoppers themselves***

At times of discounted prices like Black Friday or Cyber Monday, you are more likely to fall victim to Phishing scams - attacks that are sent directly to people via email to steal payment information and personal information. The attackers send out Phishing emails in the form of big retailers and attractive offers and this is attractive enough for many shoppers to make inaccurate decisions and click on links toxic. These links may take your personal data and payment data directly to the bad guys or infect malware on your device.

Even large companies can become targets of these attacks. According to research by Positive Technologies (2018), 88% of employees open unknown files and links they receive via email. Earlier this year, Saks Fifth Avenue became the victim of such an attack, five million credit and debit card accounts were stolen from their systems. Phishing campaigns are created to control your emotions. Email senders will try to convince you that they are from a reliable source and it is difficult to find out whether the email is genuine or not.

Here are some tips to help you spot and avoid phishing scams:

Beware of unsolicited emails or from unknown sources. If a store that you don't usually receive emails from has first contacted you again, it could be a scam.

Pay attention to spelling errors in emails. Cybercriminals often do not have marketing expertise and a sloppy email may indicate this is a cheap scam.

Does email greet you by first name? Criminals often don't know your full name, so they usually refer to you as Mr or Mrs.

Do not access the strange links contained in emails. It may seem like a good deal, but they can actually cost you dearly.

Always keep in mind that the sender's address does not guarantee that the email is from the same person or organization it is in. If you notice something shady, you need to confirm it directly with the sender.

### ***For Managers, Lawmakers***

The Government and the Ministry of Industry and Trade have issued a number of specific documents on e-commerce activities as well as state management in this field, with the goal of establishing a legal corridor for transactions. E-commerce is conducted transparently, on the basis of healthy competition, protecting consumers, improving the efficiency of State management and promoting the field of e-commerce.

Specifically, the Government issued Decree No. 52/2013/ND-CP dated May 16, 2013 on e-commerce and Decree No. 08/2018/ND-CP dated January 15, 2018 amending a number of The Decree relates to the conditions for business investment under the state management of the Ministry of Industry and Trade.

In order to specifically guide a number of provisions related to the operation management of e-commerce websites and applications, the Ministry of Industry and Trade issued Circular No. 47/2014/TT-BCT dated December 5, 2014 and Circular No. 59/2015/TT-BCT dated December 31, 2015. These two Circulars are amended some articles by the Ministry of Industry and Trade's Circular No. 21/2018/TT-BTC of August 20, 2018.

Under the aforementioned decrees and circulars, traders, organizations and individuals that own websites and E-commerce applications must carry out procedures for registration, notification of websites and online e-commerce applications online at the E-commerce management portal at [www.online.gov.vn](http://www.online.gov.vn).

Managers and lawmakers should have strong sanctions to handle sales websites that do not strictly comply with the law: advertising, product quality, and quality of service to consumers.

Research should be conducted to apply a collective lawsuit mechanism for acts of deceiving customers, infringing upon the interests of consumers on a large scale and large geographical area so that consumers can gather the necessary resources set to pursue the case. Supplement regulations on the sequence, procedures, conditions, procedures, and manner of conducting specific, detailed lawsuits to facilitate the process of applying laws to consumers. At the same time, in order to support the collective lawsuit, the State can study the establishment of a collective lawsuit fund, in which, the State will provide a partial support when setting up the fund, making it a talented tool. It is helpful to support the class action to ensure consumer rights.

Supplement specific legal provisions on the assignment and assignment between management agencies from the central to local levels. It is necessary to enhance the effectiveness of the Competition Administration Department's decision on the case resolution of the Ministry of Industry and Trade using the State's coercive force in case the decision is not enforced. The law should stipulate that the Competition Administration Department has the right to handle violations and have the right to request the Ministry of Industry and Trade to issue a decision banning sales promotion, circulation of products

on the Vietnamese market that are distributed currently capable of endangering the lives and health of consumers.

**Conclusions:** Despite the implementation of many activities to protect the interests of consumers, especially consumers of e-commerce, the violation of consumers' interests is still common and increasingly complicated.

Therefore, in order to better protect the rights of consumers, the functional branches need to be responsible for propagating, disseminating and enforcing the protection of consumers' legal rights. Consumers need to be proactive and protect their rights when shopping.

It can be seen that, although the Law on Consumer Protection has been born, propagated and implemented for many years, many consumers still have their rights violated due to their lack of interest and understanding to protect myself, etc.

The Ministry of Industry and Trade of Hanoi has implemented many activities to protect the interests of consumers, but in reality, the situation of violating the interests of consumers has been common and increasingly complicated. Even many consumers silently ignore, there are many cases where they do not know if their rights are violated, where can they complain, how to protect themselves. Therefore, besides the efforts of the authorities, associations and the support of businesses, consumers themselves need to understand the law to protect themselves.

This year, under the theme of "Healthy Business - Sustainable Consumption", in March and April 2019, the Ministry of Industry and Trade will organize many activities in response to "Vietnam Consumer Rights Day". At response programs and events, consumers will enjoy many incentives when participating in commodity trading activities such as: Increasing the warranty period, supporting maintenance, free maintenance of products, accumulate points when shopping, and get more gifts and discounts for products up to 50%.

In order to better protect consumers' interests, Vietnam's functional branches will continue to propagate, disseminate and enforce legal documents on consumers' rights, build a sense of initiative in protection. The consumers themselves, when dealing, raising the responsibility of state management agencies and social organizations in protecting consumers' interests.

The implementation of the programs on "Vietnamese Consumer Rights Day" will be an effective solution to propagate, disseminate and enforce legal documents on consumer rights to create active consumers and a sense of self-protection when consumed.

At the same time, calling on the business community, associations ... to participate in organizing activities to protect consumers' interests, directly gratefulness to consumers at supermarkets, trade centers and service systems and product supply stores.

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