



## Computing Research

### Trust in e-commerce: A giant leap of 'legal' faith

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Have you ever purchased a product on-line? If yes, how did you know whether to trust the vendor? Did you know what legislation applied to your transaction? Would you have greater trust knowing there is consumer protection for electronic transactions?

Trust is the foundation of commerce. According to the Collins Pocket English Dictionary, trust is defined as: firm belief in the honesty, reliability of another; confident, expectations, hope etc. There is an expectation that trust is a basic principle of life and its absence in the moral social order is difficult to accept. In a business relationship, trust is based on consistency of behaviour (that people do what they say they are going to do), behavioural predictability (judgement of the probability of the other party's likely choice of behaviour) and empathy (trust exists due to an understanding and agreement with the other party's values).

In traditional business relationships, trust is well supported by legislation which includes policies. However, e-commerce has changed the way businesses and consumers relate to each other. Face to face transactions involving people in the same city can be replaced by faceless interactions across geographic borders, which involves an element of risk. Any elements of risk affect the trust relationship in the business to consumer (B2C) relationship. In risky situations, trust is necessary for transactions to occur. If a consumer does not trust a Web merchant, it is unlikely that s/he will be willing to expose himself or herself to the risks associated with engaging in a transaction with that merchant.

To reduce risk, countries have introduced specialist legislation. In New Zealand, a Model Code for Consumer Protection in Electronic Commerce has been introduced as a guide to support the development of consumer confidence in electronic

commerce. Subsequently, the Electronic Transactions Act came into force in 2003 to confirm the legality of electronic transactions and facilitating the use of electronic technology for meeting statutory requirements. Awareness of this legislation may affect consumer's use of e-commerce by lowering the perceived risk of B2C transactions.

This poster presents an outline of the literature on trust in e-commerce and the development of relevant legislation in New Zealand and the United States of America.