

Why Online Identity Theft Poses a Major Threat to E-Business

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ABSTRACT

While conducting business transactions on the Internet, consumers can be victimized by online identity theft which is a cybercrime. Due to the potential implications that arise from online identity theft, many consumers worry about becoming victims and change their online behavior accordingly (e.g., stop buying online). Such behavior-related outcomes may strongly affect e-business' sales and poses a major threat to e-business. However, so far, consumers' fear of online identity theft remains underresearched. A literature review and a qualitative study provide a basis for conceptualizing consumers' fear of online identity theft within a model.

General Terms

Management, Economics, Security, Human Factors.

Keywords

Misuse of Personal and Financial Data, Online Identity Theft, E-Business.

1. INTRODUCTION

Being one of the fastest growing crimes of the 21st century in highly industrialized countries, identity theft is also ranked as major consumers' complain reason [11, 12]. Along with that, average losses of US-\$3,257 per person due to identity theft in the U.S. were reported [5]. Financial damages for companies and financial institutions reached US-\$43bn as early as in 2003 caused by identity theft [8] which is "the use of someone else's personal information, without his or her knowledge or consent, to commit a crime, such as fraud, theft or forgery" [3]. Reports about identity

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theft in the media such as TV or newspapers make it one of consumers' most important worries [9].

When consumers use the Internet for commercial purposes, they must transfer personal data (e.g., date of birth) and financial data (e.g., credit card number) to e-businesses in order to carry out online business transactions. While transferring, this data can be illegally intercepted by means of information technology and misused by third parties. Therefore, consumers can be easily victimized by online identity theft. Since online identity theft is a growing problem, consumers increasingly worry about being personally affected [1, 2]. Consequently, consumers are beginning to alter their online behavior by refusing to share information online or to shop online [6, 9]. Those behavior outcomes are negatively related to e-businesses' sales growth and hinder the building of essential long-term relations in E-Services that effects their turnover [4]. Therefore, consumers' fear of online identity theft bears a challenge for e-business.

Since the implications of identity theft are often financial losses and reputation damage for victims [8, 10], it is likely that consumers' fear of online identity theft encompasses fear of financial losses as well as reputation damage. Furthermore, the theft of a person's personal and financial data involves the intrusion into consumer's privacy as well. Online privacy and security concerns have been widely studied in a different context: online privacy concerns [e.g., 7, 13]. The authors argue that online privacy concern with a focus on fear of losing one's online privacy should be seen as a dimension of fear of online identity theft as well as fear of suffering from financial losses and fear of suffering from reputation damage.

2. METHOD

However, no consistent approach has been taken to defining and conceptualizing fear of online identity theft, yet. For gaining a comprehensive understanding and conceptualizing fear of online identity theft as well as behavior-related consequences, a qualitative approach has been chosen by conducting 43 face-to-face in-depth interviews with consumers. Consumers were asked about their Internet use, online identity theft and the feelings that

a potential victimization would cause as well as accompanying behavior-related consequences. Interviews were recorded, transcribed and then analyzed by conducting qualitative content analysis for identifying fear dimensions and behavior-related consequences.

3. FINDINGS

The findings of the qualitative study shed light on consumers' fear of online identity theft and helped clarifying the postulated fear dimensions. Most of the informants' responses regarding fear of online identity theft matched the three postulated dimensions 'fear of financial losses', 'fear of suffering from reputation damage', and 'fear of losing one's online privacy'. Within the model all three postulated fear of online identity theft dimensions are presumed to be related to antecedents such as an individual's gender and age as well as behavior-related consequences. Several consequences such as disuse of online-shopping and disuse of online-banking were disclosed during the interviews. A draft of the model will be shown during the poster session.

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