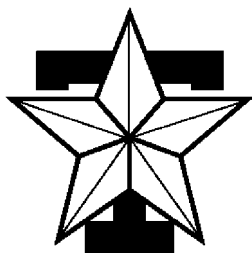


Online Shopping and Security

A little leery? You're not alone.

“Worry that their credit-card number will fall into the wrong hands is the No. 1 concern about the security of online shopping. We were unable to find any instances where a shopper's credit-card information was stolen while it was being sent to a merchant. But the danger does exist that someone on the receiving end of your billing information can misuse your card number—just as it does when you shop in a store or by catalog.”

“Shopping Goes Online.”
Consumer Reports,
 (November 1998)
 p. 22.



Online shopping (also known as electronic commerce or e-commerce) is exactly what it sounds like: buying and paying for an item via your computer. E-commerce is in its infancy; however, *eMarketer* newsletter predicts online retail will jump to \$26 billion by 2002, up from \$1.8 billion in 1997. It has become such a growth area that the U.S. Commerce Department will start tracking sales on the Internet.

You may purchase almost anything online, including clothes, cars, computers, groceries, and homes. You may also make travel and financial arrangements without leaving your computer.

This new way of shopping presents both opportunities and concerns for consumers. You will find many Web sites (and companies) that claim to be experts on e-commerce. Shopping on the Internet can be as safe as shopping in a store or by mail if you consider these tips:

Be careful with forms. A form is an area in a Web page where you supply information to be sent back to the Web server. Why are forms sometimes risky? When you fill in a form and click the “submit” button, you send the information you supplied in the form to the server. If you are sending information that isn't private, there is no reason to be concerned. However, some forms ask for such sensitive information as your name, e-mail address, mailing address, telephone number, credit card number, or Social Security number.

A form usually collects personal information when you are making a purchase, or when you are joining an online organization. A growing number of sites prompt you to “join” the site in order to view or use it. To join you must supply information about yourself. If you're concerned about privacy, an easy way to protect yourself is to never fill out one of these forms. If you are tempted to do so to purchase a product or join an organization, ask yourself these questions:

- ◆ Is the information requested by the form really necessary?
- ◆ Do I trust the owners of this site with my information?
- ◆ Is the site secure? (See next page.)
- ◆ Does the site have a security/privacy policy?

Use a secure browser. Your browser should comply with industry security standards such as Secure Sockets Layer (SSL) or Secure Electronic Transaction (SET). These standards encrypt (scramble) the purchase information sent over the Internet, ensuring the security of the transaction.

Pros and cons of shopping online

Pros

If you live in a remote area or are unable to shop in the traditional manner, online shopping can open up new opportunities.

The product selection may be greater than in a traditional store.

You can research a product that you are interested in, find out about the price and the availability, and, if you choose, purchase the item online. You can also use your research to purchase at a local store.

The Internet is always open: 24 hours a day, seven days a week.

Cons

Thousands more choices are available online than you would find in your local stores. This can be confusing.

To see the product, you must wait for images to load. Even with a fast modem, this can be time-consuming.

Though you might see pictures, you don't get to handle the item or see it "in person" until after you buy it. Depending on your monitor, the color or other details might not be what you expected.

Prices may not be better than from a traditional store. Watch for shipping costs added on to the quoted price.

Make sure you're using a secure site. A safe site will show a symbol of an unbroken key, a picture of a closed lock, or a Web address that begins with "https." (Look for the letter "s.") Most browsers also display a warning message before you send information to an site. This dialog box should inform you whether you're sending to a secure or unsecure site. You may cancel at this point if you wish.

Another way to verify a secure site is with a "certificate." Currently, VeriSign, Inc., is the leading provider of Public Key Infrastructure (PKI) and digital certificate solutions used by enterprises, Web sites, and consumers to conduct secure communications and transactions over the Internet and private networks. The company has formed strategic partnerships with many companies. More information about the company can be found at <http://www.verisign.com>.

If you are concerned about the security of any site, do not send your information.

Shop with companies you know. If you're not familiar with the company, ask for a paper catalog or brochure. Also ask about the company's refund and return policies, and check out the company's track record. You also should look at the company's online privacy policy and find a mailing address and a phone number.

Consider buying through an intermediary. One problem with consumer-to-consumer transactions is that the seller doesn't always follow through and deliver the product. Some companies (for example, i-Escrow) act as intermediaries by holding the money and transferring it only after the buyer receives the merchandise. This service can help save you money and keep sellers honest.

Keep your private information private. Do not provide personal information unless you know who will receive the information. Keep your passwords private. Use a combination of numbers, letters, and symbols for your password instead of easy-to-find birth dates, phone numbers, or addresses.

Pay with a credit or charge card. If you pay with a credit or charge card, your transaction will be protected by the Fair Credit Billing Act. By law, consumers have the right to dispute charges under certain circumstances. In the case of unauthorized use of your credit card, you are usually held liable for only the first \$50 in charges. Some cards may provide additional warranty or purchase protection benefits. Some suggestions on using a credit or charge card online include:

- ◆ **Start small.** Purchase a small item to test the shopping waters before you invest too much time and money.
- ◆ **Use a separate credit or charge card for online shopping.** Just as you may use only one card for business travel, you should use only one card for online shopping. This will allow you to track your online purchases easily.

◆ **Keep a record of your purchase.** Print a copy of your purchase order and confirmation number for your records. The Federal Mail or Telephone Order Merchandise Rule covers orders made via the Internet. This means that, unless stated otherwise, merchandise must be delivered within 30 days; if there are delays, the company must notify you.

Find out how your information will be used. Many companies give you a choice about how your personal information is used. These companies allow you to decline to have your personal information (such as your e-mail address) used or shared with other companies. This type of option is usually found in the company's online privacy policy. If this option exists, you should decline to have your personal information shared. If this option does not exist, you might want to e-mail or phone the company for more details on their policy.

Ask questions and report problems. Many publications, Web sites, and agencies provide information on online shopping:

For more information on analyzing information and fraud, consult the publication "Evaluating Internet Information" (MKT-3374).

Texans can contact **the Attorney General:**

The Office of the Attorney General
P.O. Box 12548, Austin, TX 78711-2548
phone: (512) 463-2100
e-mail: john.cornyn@oag.state.tx.us.
Web site: <http://www.oag.state.tx.us/>

The Federal Trade Commission (FTC) offers information on all aspects of online shopping and also issues alerts. Contact the Commission at:

Consumer Response Center
Federal Trade Commission, Washington, D.C. 20580
phone (202) FTC-HELP; or TDD (202) 326-2502
Web site: <http://www.ftc.gov/bcp/menu-internet.htm>

You may file a complaint with the FTC through the Internet, using the online complaint form at <http://www.ftc.gov/ftc/complaint.htm>. Although the commission cannot resolve individual problems for consumers, it can act against a company if it sees a pattern of possible law violations.

National Fraud Information Center (NFIC) launched the Internet Fraud Watch in March 1996, enabling the NFIC to expand its services to help consumers distinguish between legitimate and fraudulent promotions in cyberspace and route reports of suspected fraud to the appropriate law enforcement agencies. If you have questions about promotions by online services or on the Internet, or wish to report possible fraud, use the Online Incident Report Form or Online Question or Suggestion Form features of the site at <http://www.fraud.org/>.

Online auctions

According to the National Consumer's League Internet Fraud Information Center listing of the "Top Ten Subjects of Reports" to Internet Fraud Watch for January–June 1998, the number-one listing was Web auctions.

The listing noted these complaints:

Items were bid for but never delivered by the sellers.

The value of items was inflated.

Shills were suspected of driving up bids.

This doesn't mean you shouldn't buy and sell at an online auction.

Instead, follow these simple rules from the Internet Fraud Watch:

Understand how the auction works.

Check out the seller.

Be especially careful if the seller is a private individual.

Get a physical address and other identifying information.

Ask about delivery, returns, warranties, and service.

Be wary of claims about antiques and collectibles.

Let common sense guide you.

Pay the safest way.

Beware stock fraud

Scam artists are using e-mail to manipulate stock prices. In one approach, individuals promote the stock via e-mail and then sell after the price has risen. In another approach, individuals distribute false information to depress the price and sell the stock short.

To report possible fraud, e-mail the Securities and Exchange Commission at enforcement@sec.gov.

Cookies

Cookies are bits of information that your browser picks up at Web sites and stores on your hard drive. A cookie functions as a small digital ID badge.

Cookies can be used to track your browsing patterns and allow Web sites to target advertising based on these patterns.

Cookies cannot carry viruses. They cannot snoop around your hard drive and gather information about you. They can store information you have provided so the site can be customized for you the next time you visit.

Further publications in this series can be found at:
<http://texasextension.tamu.edu/techtips>

Call For Action, Inc., (CFA) is an international, nonprofit network of hotlines founded in 1963. Volunteer professionals in offices around the world are trained to assist consumers through mediation and education to resolve problems with businesses, government agencies, and other organizations. Services are free and confidential. Contact them at:

Call for Action, Inc.
5272 River Road, Suite 300, Bethesda, Maryland, 20816
phone: (301) 657-8260
Web site: <http://www.callforaction.org/>

The Consumer Information Center (CIC) publishes the Consumer Information Catalog, which lists more than 200 publications from federal agencies. Contact the Center for a free catalog at:

Consumer Information Center
Pueblo, CO 81009
phone: (719) 948-4000
Web site: <http://www.pueblo.gsa.gov>

The Direct Marketing Association (DMA) is a trade association of catalogers, financial services firms, publishers, book and music clubs, online service companies, and others involved in direct and database marketing. The DMA's Mail Order Action Line acts as an intermediary between consumers and companies to resolve complaints. Contact them at:

Direct Marketing Association
1111 19th Street, NW, Suite 1100, Washington, D.C. 20036
e-mail: consumer@the-dma.org
Web site at <http://www.the-dma.org/>
click on "consumers"

Information for this publication was adapted from these sources:
Consumer Reports, November 1998, pages 18-23
The Federal Trade Commission
American Express Company, Consumer Affairs Office
The Consumer Information Center
The Direct Marketing Association

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