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New Initiatives Introduced to Combat E-Commerce Scams

Summary

In May 2022, the Inter-Ministry Committee on Scams ("**IMCS**") launched the "E-commerce Marketplace Transaction Safety Ratings" ("**TSR**") which apply to e-commerce marketplaces operating in Singapore. Under the TSR, e-commerce marketplaces are given an overall safety rating based on the extent to which they have implemented certain safety measures that are identified as critical in combating e-commerce scams.

At the same time, the Technical Reference 76 on Guidelines for Electronic Commerce Transactions ("**TR 76**") was updated to include additional guidelines on measures which e-commerce marketplaces and e-retailers may implement to secure different areas of e-commerce transactions (namely, pre-purchase, purchase and post-purchase activities) from scams, customer support and merchant verification. The best practices recommended in TR 76 include anti-scam measures that would enable e-commerce marketplaces to score better on the TSR.

This Update provides a summary of the TSR and additional anti-scam measures set out in TR 76 which e-retailers and e-commerce marketplaces may implement to secure e-commerce transactions and enhance customers' protection.

For more information, please click [here](#) for the Ministry of Home Affairs ("**MHA**") media release titled "[Introduction of E-Commerce Marketplace Transaction Safety Ratings and Revised Technical Reference 76 on E-Commerce Transactions](#)" dated 14 May 2022.

E-Commerce Marketplace Transaction Safety Ratings (TSR)

With the launch of the TSR, a consumer may assess whether he/she should engage in e-commerce transactions on an e-commerce marketplace based on its TSR rating.

Major e-commerce marketplaces in Singapore, namely Amazon, Lazada, Qoo10, Shopee, Carousell and Facebook Marketplace, have been evaluated and assigned an overall rating under the TSR based on the extent of the following anti-scam measures implemented by them:

1. **User authenticity:** Measures to verify sellers' identities and continuously monitor fraudulent seller behaviour.

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2. **Transaction safety:** Availability of secure payment solutions for transactions conducted on the e-commerce marketplace, and the maintenance of transaction records and user data.
3. **Loss remediation experience for consumers:** Availability of dispute reporting and resolution mechanisms.
4. **Effectiveness of anti-scam efforts:** Overall efficacy in safeguarding users from e-commerce scams, which is assessed with reference to the number of scam reports made on the e-commerce marketplace.

The overall rating will be refreshed annually.

In addition, the TSR consists of general consumer advisories that will be refreshed annually and marketplace-specific consumer advisories that will be refreshed every six months. The consumer advisories highlight how consumers may protect themselves when conducting e-commerce transactions, and they are found on the TSR microsite set up by MHA which may be accessed [here](#).

Anti-Scam Guidelines in TR 76

By way of background, the TR 76 is published by Enterprise Singapore, and the first edition was approved in 2020 by the Services Standards Committee under the purview of the Singapore Standards Council. It is intended to serve as a practical reference for e-retailers and e-commerce marketplaces to develop e-commerce processes and policies, and convey clear and comprehensive information to consumers. E-commerce marketplaces may adopt the best practices set out in TR 76 to facilitate transactions for products and/or services between sellers and customers, and e-retailers may take reference from TR 76 when selling products and/or services online.

The TR76 was also recently revised, amongst other changes, to include additional guidelines to help e-commerce marketplaces and e-retailers put in place the following anti-scam measures:

1. **Improving transaction security**
 - a. Adequate and reasonable monitoring and screening policies and procedures to safeguard the authenticity of customer reviews.
 - b. Commonly accepted modes of electronic payment or post-purchase payment protection mechanisms that allow the customers to avoid losses if their orders are not fulfilled or there is a dispute on the conditions of the orders.
 - c. Process to verify the authorised recipient of a purchase. If verification is not possible, parties should reschedule/reconsider the transaction until verification is possible.

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2. **Enabling merchant authenticity**

- a. Risk assessment of a merchant in order to determine the extent of information to be collected from a merchant and steps to be taken to verify the identity of a merchant.
- b. If merchant verification is outsourced to a third-party service provider, arrangement to facilitate timely retrieval of records.
- c. Reasonable efforts used to conduct due diligence on merchants to verify their identities, and a process to reject registrations or listings of a merchant where there are reasons to believe that there are security or fraud risks.
- d. Consider introducing pre-emptive safeguards against a fraudulent merchant on e-commerce marketplaces' platforms, such as activating early warning mechanisms when a device that cannot be verified is used to access a merchant's account.
- e. For a merchant that is deemed to be of fraud risk, consider blacklisting it, restricting its activities on the platform or raising the customers' awareness of the risks involved.

3. **Providing customer support**

- a. Where transactions are permitted to take place outside of the e-commerce marketplace's platform, there should be guidance to customers on how they may seek recourse when there is a dispute.

4. **Aiding enforcement against e-commerce scams**

- a. Retention of merchant identifiers and transaction records where relevant and available for at least two years from the transaction.
- b. If an e-commerce marketplace has been officially informed of the authorities' investigation of a suspected fraudulent account or merchant, it should consider retaining the profile of the account holder or merchant, transaction and payment information and/or make available to law enforcement the processes to request the preservation of such information.

Concluding Remarks

These anti-scam measures are introduced to combat e-commerce scams which are one of the top scam types in Singapore. Efforts need to be made by all parties involved in e-commerce transactions, including e-commerce marketplaces, e-retailers and consumers, to spot and avoid potential scam risks with reference to the advisories and recommendations set out in the TRS and anti-scam guidelines in TR 76.

E-commerce marketplaces and e-retailers who would like more information on implementing the anti-scam initiatives and the changes under the revised TR 76 may contact our team below.

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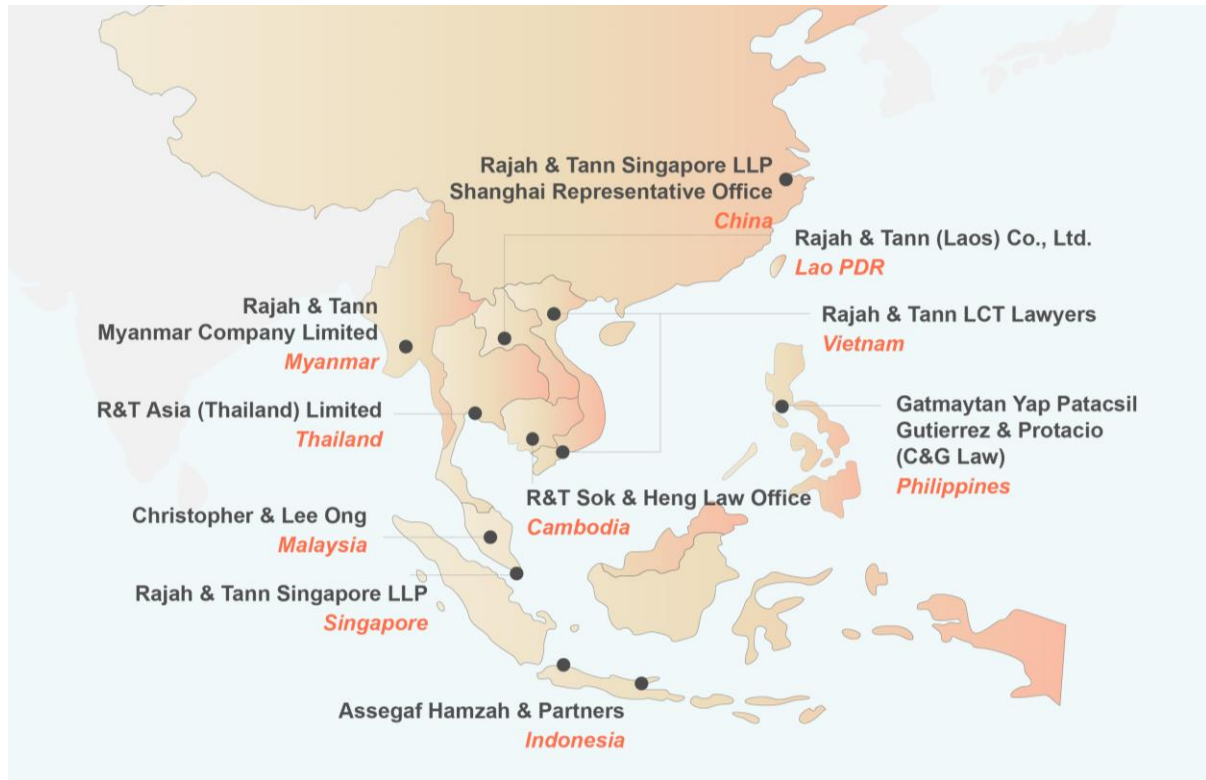
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