

Technology, Media & Telecommunications

Singapore Issues First National Standard on Guidelines for E-Commerce Transactions

Introduction

E-commerce is a vital and growing section of the retail industry, with online retail making up a fast-increasing proportion of the total retail sales in Singapore. This growth has seen an exponential increase in 2020 in light of the reliance on remote transactions during the COVID-19 movement control measures.

The e-commerce process, however, is not without its own complexities and unique considerations. Enterprise Singapore ("**ESG**") and the Singapore Standards Council ("**SSC**") have thus launched the first national standard, Technical Reference 76 ("**TR 76**"), on guidelines for e-commerce transactions. The development of TR 76 was an industry-led effort, comprising representatives from the Consumers Association of Singapore, Singapore Retailers Association, online marketplaces, as well as payment and logistics service providers, among others.

TR 76 serves as a practical guide for e-retailers who sell directly to customers online, as well as online intermediaries such as e-marketplaces. It may also be relevant for third-party service providers, retailers providing online catalogues and parties looking to start their own online businesses. The guidelines provide comprehensive end-to-end coverage of the e-commerce transaction process, covering:

- (a) pre-purchase activities, such as browsing and selection;
- (b) purchasing and payment; and
- (c) post-purchase activities such as delivery, tracking, returns and refunds.

This Update highlights the key aspects of TR 76 and discusses how it may impact or benefit online businesses and e-retailers.

Pre-Purchase

Before a purchase is made, there are issues and requirements that e-retailers and e-marketplaces should address. TR 76 provides guidance on these issues, including:

- (a) **Content creation** – E-retailers and e-marketplaces should ensure that the information provided online fulfils all regulatory and statutory requirements. The information that should be provided includes information relating to the organisation (such as registration and point of contact),

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information on the products and services, and information related to the transaction (such as business and payment policies as well as terms and conditions).

- (b) **Content delivery** – Information should be delivered appropriately across all platforms and social media in a manner that is accurate and unambiguous. The user interface should be designed with interoperability across multiple devices, and consider features such as communication tools and convenient product searches to enhance the customer’s shopping experience.
- (c) **Content governance** – Information should be updated easily and consistently so that customers have the most accurate information at all times. E-retailers and e-marketplaces should, to the best of their ability, verify the accuracy of all information displayed, and should also have measures in place to address restricted content.

Purchase and Payment

The guidance on the purchase process is divided into three stages: (a) before payment; (b) during payment; and (c) post-payment.

Before payment

TR 76 recommends that e-retailers and e-marketplaces take certain measures for the pre-payment section of the transaction, which include:

- (a) Ensure that information on the products and services in the shopping cart are listed clearly;
- (b) Provide the necessary conversion rates;
- (c) Allow changes to be made to reservations;
- (d) Have mechanisms to prevent data input errors by customers;
- (e) Cross-reference orders from customers with internal records to ensure validity of the orders;
- (f) Include any varied or additional charges;
- (g) Indicate the person or business that will be providing the product; and
- (h) Ensure that information on the products and services is displayed clearly on the check-out page.

During payment

The payment process raises numerous considerations, including compliance and risk management concerns. TR 76 provides that e-retailers and e-marketplaces should provide commonly accepted modes of electronic payment for convenient and efficient payment. For payment confirmation, e-retailers and e-marketplaces should send notices of confirmation to customers, and have measures in place to verify if the transaction is fraudulent. Any data collected should only be used in accordance with the data protection obligations.

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E-retailers and e-marketplaces should also have a payment security strategy to identify security risks, place appropriate security controls and implement adequate countermeasures against the loss and corruption of customer payment data. Reasonable due diligence should be conducted on third party service providers. E-retailers and e-marketplaces are also encouraged to adopt [ISO/IEC 27001](#).

An order confirmation should be sent to the customer as soon as the order is verified, making it clear if the order was successful.

After payment

E-retailers and e-marketplaces should provide a system for customers to track the completion of the payment process. Customers should be informed of any delays in delivery or subsequent unavailability, and should be provided with the option to cancel or make amendments to their order within a reasonable time.

Post-Purchase

After the customer has carried out their purchase, there are further issues which the e-retailers or e-marketplace should take into consideration. TR 76 addresses some of these relevant issues:

- (a) **Fulfilment** – Products should be packed according to specifications, and measures should be provided to address products which are found with defects or damage.
- (b) **Delivery** – E-retailers and e-marketplaces should make the appropriate arrangements regarding delivery time, product handling during delivery, payment on delivery, self-collection, proof of delivery and failed delivery. Any collection and use of personal information for the purposes of delivery must comply with the personal data protection requirements.
- (c) **Tracking of products** – Customers should be provided with an avenue to request for information on the status of the delivery.
- (d) **Refunds, return and exchange** – The refunds, return and exchange policies should be stated clearly to the customers.

Customer Support

Apart from the purchase process, TR 76 provides guidance on customer support measures that e-retailers and e-marketplaces should have in place, including general enquiry handling, feedback handling and external dispute resolution. Such customer support should be easily accessible online and responses should be prompt.

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For the complaints handling process, TR 76 advises e-retailers and e-marketplaces to consider the following process when handling complaints:

- (a) Ensure the process is well communicated to customers;
- (b) Provide acknowledgement of receipt of complaint and set out what may be expected during the process;
- (c) Investigate and assess the complaint;
- (d) Provide a response to communicate the action or remedy; and
- (e) Track the complaint and monitor the actions taken.

For the dispute resolution process, e-retailers and e-marketplaces are directed to refer to [ISO 10003 "Quality management – Customer satisfaction – Guidelines for dispute resolution external to organizations"](#) for guidance on the dispute resolution process.

Merchant Verification

TR 76 considers the unique circumstances of e-marketplaces, whereby customers and businesses may interact and conduct transactions. To manage trust between marketplace, merchant and customer, e-marketplaces should have strong internal controls put in place. These include:

- (a) Identifying the merchants;
- (b) Setting up monitoring systems to identify and take action against errant merchants;
- (c) Having processes in place to educate merchants on content creation; and
- (d) Managing the interaction between the merchant and customer, including feedback and ratings.

Concluding Words

TR 76 provides essential guidance to businesses involved in online retail, setting out the issues and considerations that these businesses should address. As the first national standard on e-commerce transactions, TR 76 provides a much welcome roadmap and a degree of clarity for online retail, and parties involved in the sector should familiarise themselves with the guidelines and assess their existing framework against the provisions.

The new standard is intended to complement government efforts to bolster the presence of small and medium enterprises (SMEs) in the e-commerce market in light of the COVID-19 situation. However, all companies – big and small – are advised to review TR 76 to see how they can improve their policies and processes to implement e-commerce more effectively and efficiently, and enhance consumer confidence and trust in online shopping.

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TR 76 is a provisional standard to be applied over a period of three years, following which TR 76 will be reviewed, taking into account any feedback or other considerations, and further developed into a Singapore Standard if suitable. Users of TR 76 are therefore encouraged to provide feedback to the relevant authorities, on areas such as its content, clarity and ease of use.

For further queries, please feel free to contact our team below.

Contacts



Rajesh Sreenivasan
Head, Technology, Media &
Telecommunications

T +65 6232 0751
rajesh@rajahtann.com



Steve Tan
Deputy Head, Technology, Media &
Telecommunications

T +65 6232 0786
steve.tan@rajahtann.com



Lionel Tan
Partner, Technology, Media &
Telecommunications

T +65 6232 0752
lionel.tan@rajahtann.com



Benjamin Cheong
Partner, Technology, Media &
Telecommunications

T +65 6232 0738
benjamin.cheong@rajahtann.com



Tanya Tang
Partner (Chief Economic and Policy
Advisor), Competition & Antitrust and
Trade; Technology, Media
& Telecommunications

T +65 6232 0298
tanya.tang@rajahtann.com

Please feel free to also contact Knowledge and Risk Management at eOASIS@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

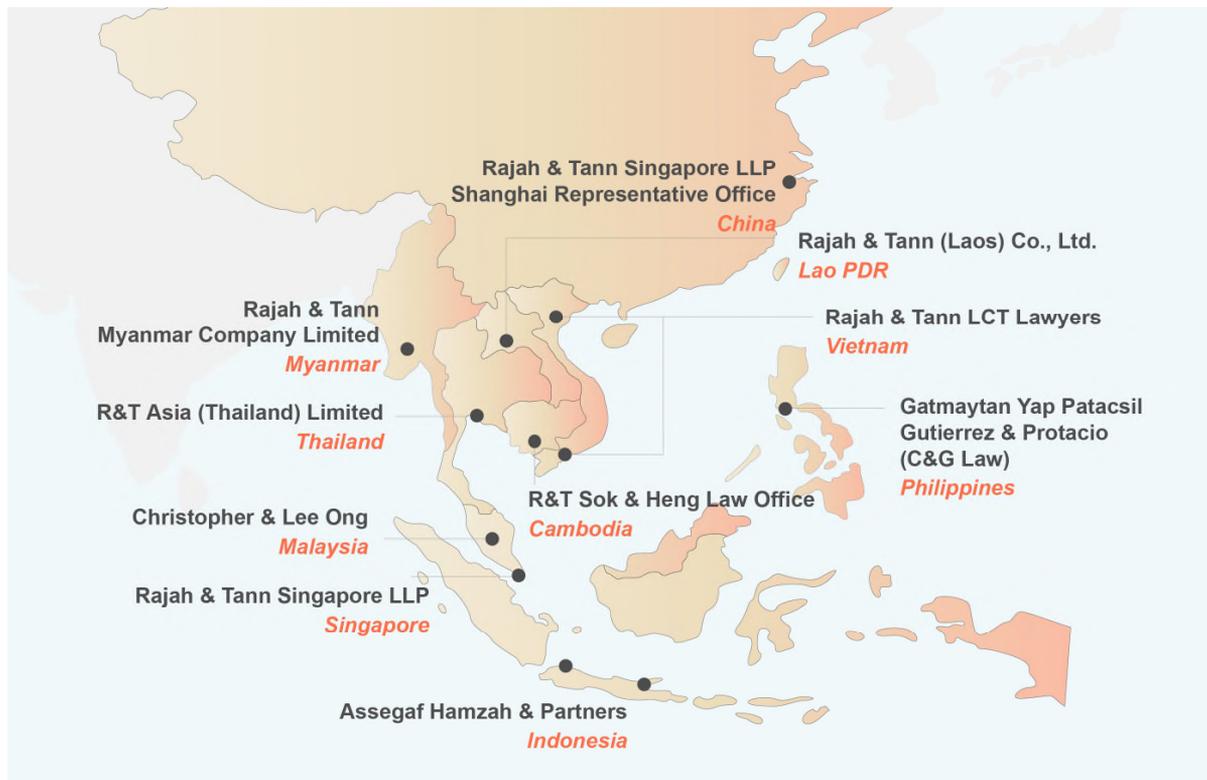
Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

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