

E-Commerce Policy in Mongolia : Analyzing the E-Commerce Law of the Republic of Korea for Successful Experience to Consumer Protection in E-Commerce of Mongolia

By

PUREVSUREN, Khash-erdene

THESIS

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

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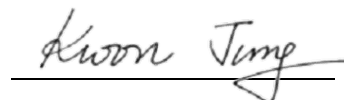
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ABSTRACT

E-COMMERCE POLICY IN MONGOLIA: ANALYZING THE E-COMMERCE LAW OF THE REPUBLIC OF KOREA FOR SUCCESSFUL EXPERIENCE TO CONSUMER PROTECTION IN E-COMMERCE OF MONGOLIA

By

PUREVSUREN, Khash-Erdene

The primary goal of this research is to examine the current issues of consumer protection in Business-to-Consumer (B2C) e-commerce of Mongolia and to discuss what legal concepts and policies are needed to properly protect consumer rights in e-commerce, using the Republic of Korea as a model. In addition, it aims to develop recommendations as to how to build an effective legal environment in Mongolia. For this purpose, the study analyzes cases of judicial decisions, statistics and current legislation in both countries. The primary sources were from the concept and provisions of existing laws on protection consumer rights in e-commerce. The secondary data are obtained from various statistics, judicial decisions, press releases, relevant studies and reports. The research paper reveals that while consumer protection in Mongolia is in place for both offline and online transactions, there are some limitations in e-commerce. Thus, some narrow provisions that regulate new emerged issues in e-commerce were discussed from E-commerce Act of the Republic of Korea.

Keywords; e-commerce, consumer protection, consumer rights, legislation

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I will always remember my beloved brother Khosbayar Purevsuren.

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2021

TABLE OF CONTENTS

Abstract	iv
Acknowledgement	v
Table of content	vii
List of abbreviations	ix
List of table and figure	x
I. Introduction	1
1.1. Background	1
1.2. Statement of the problem.....	2
1.3. Research questions.....	6
1.4. Literature review.....	6
1.5. Methodology and organization of the study.....	11
II. E-commerce policy and consumer protection of Mongolia	13
2.1. Legal background of consumer protection of Mongolia.....	13
2.2. Consumer protection in e-commerce	13
2.2.1. E-commerce of Mongolia	13
2.2.2. Transparent and Effective Protection in e-commerce	15
2.2.3. Fair business and real advertising	18
2.2.4. Electronic disclosure.....	20
2.2.5. Electronic contract	23
2.2.6. Effective dispute resolution and redress.....	25
2.2.7. Consumer privacy and security.....	26
Chapter summary	29
III. E-commerce laws and regulations in the Republic of Korea	30
3.1. Consumer protection in E-commerce	30

3.1.1. E-commerce of the ROK	30
3.1.2. Transparent and Effective Protection in e-commerce	31
3.1.3. Fair business and real advertising.....	33
3.1.4. Electronic disclosure.....	33
3.1.5. Electronic contract	34
3.1.6. Consumer privacy and security	35
3.1.7. Effective dispute resolution and redress	37
Chapter summary.....	39
IV. Analysis and recommendation.....	40
4.1. Analysis	40
4.2. Recommendations	43
V. Conclusion.....	45
5.1. Conclusion and Implication	45
5.2. Research limitation.....	46
Reference	47

List of Abbreviations

Abbreviation	Meaning
UNCTAD	The United Nations Conference on Trade and Development
WTO	World Trade Organization
OECD	Organization for Economic Co-operation and Development
ROK	The Republic of Korea
E-commerce Act	The Act on Consumer Protection in Electronic Commerce
Network Act	Act on Promotion of Information and Communications Network Utilization and Information Protection
CPL	Consumer Protection Law
PIPA	Personal Information Protection
EPA	Economic Partnership Agreement
MOU	Memorandum of Understanding
AFCCP	Authority for Fair Competition and Consumer Protection of Mongolia
CRC	The Communication Regulatory Commission
KCA	Korean Consumer Agency
KFTC	The Korea Fair Trade Commission
B2C	Business to consumer
ICT	Information communication technology

List of Table and Figure

Table 1. General information of Mongolia and the Republic of Korea - 2019.....	4
Table 2. E-commerce assessment (2017 - 2020)	4
Table 3. Legal and Regulatory frameworks – 2020	4
Table 4. Resolution of the consumer's complaints in e-commerce that are received to the Consumer Information Center under the AFCCP (The first half of 2021)	16
Figure 1. ICT infrastructure and services of Mongolia and the Republic of Korea – 2019	5
Figure 2. Comparison of payment type of the Southern, Eastern and South-Eastern Asia & Oceania, the ROK and Mongolia	5
Figure 3: Model for e-consumer protection	9
Figure 4: The growth rate of the online complaints in Mongolia	14
Figure 5: Type of consumer complaints on online trade of Mongolia.....	15
Figure 6: Type of the consumer complaints in e-commerce by the Korea Consumer Agency- 2020	30

INTRODUCTION

1.1. Background

With the advancement of information and communication technology, new regulations and laws are being formed all over the world for new types of transactions. For example, there are new rules and regulations related to e-commerce, which is a new form of trade that expanded in scale in Mongolia last year with development of information and communication technology. But how well-prepared is Mongolia for e-commerce? The United Nations Conference on Trade and Development (UNCTAD) has designed a specific index to measure nations' preparedness to engage in e-trade based on four indicators: Internet use penetration, secure servers per million inhabitants, credit card penetration and postal reliability score. According to the B2C e-commerce index, Mongolia ranked 61th out of 152 countries (UNCTAD, 2020). As of 2019, the number of Internet users in Mongolia was 1.6 million (ITU, 2019). There were 2.2 million social media users and 4.42 million mobile connections in January 2020 (Hootsuite & We are Social, 2020). Furthermore, in recent years, the telecommunications industry's revenue has increased. At the end of 2020, the total revenue of the information and telecommunications sector reached 1.3 trillion MNT, increased by 51.5 billion MNT (4.0%) compared with the same period of the previous year (Communication and information technology Authority of Mongolia, 2021). As of the 4th quarter of 2020, the number of debit cards issued by banks was 4.1 million, increased by 329.9 thousand or 8.8 per cent in comparison to the prior year's identical quarter. The debit card usage rate in Mongolia is about 45.7 per cent, with about 1.9 million cards being actively used as of last year (Central bank of Mongolia, 2020). Similarly, the number of foreign card transactions, the main form of e-commerce payment, has increased rapidly over the past five years (Central Bank of Mongolia, 2020).

With this backdrop, various online platforms have emerged in the Mongolian trade market, such as Shoppymn, Ard shop, Unegui.mn, Mart.mn, and UBShop.mn (Tserendavaa, 2020). Also, most chain stores had their own online (e-shop). In addition, with the outbreak of the COVID-19, the social network began to play a huge role in e-commerce. As most of the population use social networks, it has become very convenient for companies to reach their consumers through these networks. The study¹ that is conducted survey among 500 participants of Ulaanbaatar points out that 43% of consumers use Facebook to buy goods and services for their personal consumption, and 6% use Instagram (Tserendavaa, 2020). However, there has been a rise in consumer complaints in regards to online trading (misleading consumers, conducting online fraud, selling counterfeit products, etc.) in recent years. According to the police criminal database, the number of complaints about online fraud increased from 17 cases in 2015 to 641 cases in 2019, a 37.7-fold increase (National Policy Agency, 2019).²

1.2. Statement of the problem

According to the principle of technical neutrality, the universal recognition should be subjected to long-term viability regulations with defined flexibility policy to e-commerce (Shadikhodjaev, 2021). Because electronic commerce creates the new legal status for buyers due to the non-face-to-face relations. This new type of market poses challenges for national legislation protecting consumer rights and requires a new legal structure that could effectively protect consumers (Kirillova & Blinkov, 2015). In Mongolia, a few provisions of Civil Law, Competition Law and Consumer Protection Law specifically deal with rights and responsibilities of sellers and consumers (Lee, Lundendorj, Ariunbold, Bataa, Doljin & Yoo, 2013).

¹ Tserendavaa.Ts.(2020).Statistical Registration analysis of e-commerce. Ulaanbaatar. Central bank of Mongolia. Retrieved from <https://www.mongolbank.mn/documents/sudalgaa>

² Some cases involve e-commerce, such as email fraud, lending services, offering unreliable goods. Report 2019 of National Policy Agency of Mongolia.

The Consumer Protection Law (CPL) of Mongolia was passed in 2003. Although this law protects the fundamental rights of consumers, it does not address issues of e-commerce specifically. For example, the CPL stipulates that "Consumer has right to obtain accurate information about good, work and service and also right to obtain consumer education"(Consumer Protection Law of 2003). However, there are no clear provisions as to exactly what information should be provided to consumers and what obligations businesses have in regards to e-commerce transactions. In result, the consumers were misled and deceived in e-commerce has been increased due to a lack of business electronic disclosure in practice. Because e-commerce requires a high level of trust as a precondition. (Parkes & Pennock, 2009). Thus, transparent and effective protection is essential in e-commerce (OECD, 2016). Therefore, the general legal frameworks are limited to regulating the emerged issues in e-commerce due to the distance trade and information communication technology (ICT) development. It is necessary to supplemented by flexibility policy for consumer protection in online trade. Because of this, it is essential to consider a country's successful experience in protecting online consumers. The Republic of Korea (ROK) is a great example, as it is already highly developed in e-commerce. In terms of e-commerce readiness index, the ROK ranks fifth or 95.5 points in the world (UNCTAD. 2020). The ROK is the third-largest e-retailer market in Asia and the seventh largest worldwide (eMarketer 2015a). Furthermore, since 1967, the country has effectively developed laws and regulations for various commercial activities as well as consumer protection in relation to e-commerce, while Act on Consumer Protection in Electronic Commerce (E-commerce Act) was enacted in 2002 (Ministry of Strategy, Finance of Korea and Korea Development Institute, 2016).

Table 1. General information of Mongolia and the Republic of Korea - 2019

Countries	Population (million)	Internet users (million)	GDP (Million current US\$)	GPD growth	Merchandise Trade (Million current US\$)	Land Area (Million current US\$)
Mongolia	3.2	1.6	13 587	4.9 %	13 747	1 553 560 km2
ROK	51.7	49.7	1 664 066	2.0 %	1 045 576	97 466 km2

Source: United Nations Conference on Trade and Development (UNCTAD)³ and The World Telecommunication/ICT Indicators Database (ITU)⁴

Table 2. E-commerce assessment (2017 - 2020)

Countries	Rank in UNCTAD B2C E-commerce Index	Rank in ITU ICT Development Index	Rank in WEF Networked Readiness Index
Mongolia	61/152	91/176	89/134
ROK	18/152	2/176	14/134

Source: UNCTAD, ITU and World Economic Forum (WEF)⁵

Table 3. Legal and Regulatory frameworks – 2020

Countries	Electronic transactions	Privacy and data protection	Cybercrime	Consumer protection
Mongolia	Legislation	Legislation	Legislation	N/A
ROK	Legislation	Legislation	Legislation	Legislation

Source: UNCTAD⁶

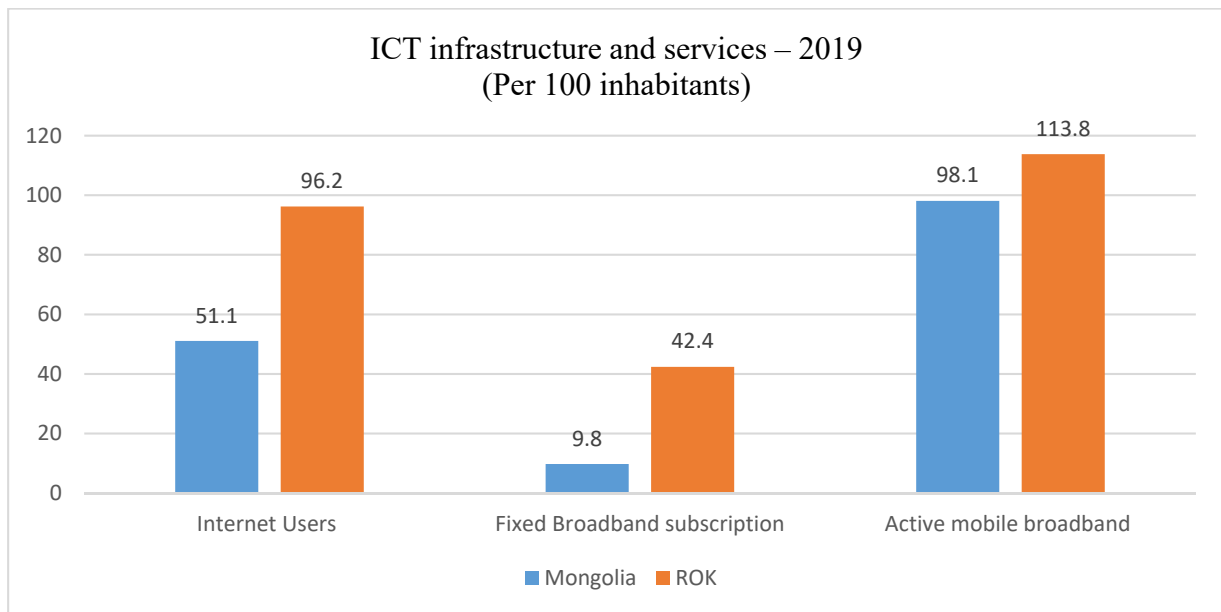
³ United Nations Conference on Trade and Development's (UNCTAD) UNCTAD's data have been consolidated and incorporated into UNCTADstat, a freely available dissemination platform. It provides access to fundamental and derived indicators based on common rules, a unified environment, and a well-defined methodology, all of which are backed up by a strong data browsing system. Retrieved from <https://unctadstat.unctad.org/EN/>

⁴ The ITU-D that is data site of telecommunication and ICT from about 200 countries. Retrieved from [World Telecommunication/ICT Indicators Database \(itu.int\)](http://www.itu.int/ITU-D/ict/)

⁵ http://reports.weforum.org/global-information-technology-report-2016/networked-readiness-index/?doing_wp_cron=1633932287.9476799964904785156250

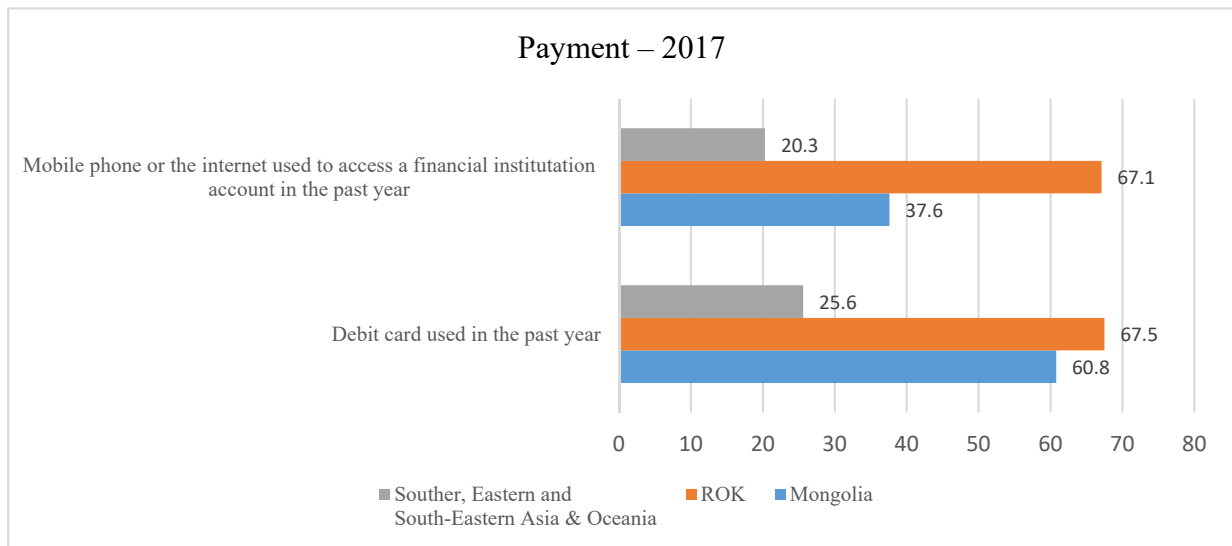
⁶ <https://unctadstat.unctad.org/EN/>

Figure 1. ICT infrastructure and services of Mongolia and the Republic of Korea – 2019



Source: ITU⁷ World Telecommunication/ICT Indicators Database

Figure 2. Comparison of payment type of the Southern, Eastern and South-Eastern Asia & Oceania, the ROK and Mongolia



Source: World Bank⁸

To see the tables, while e-commerce is expanding in both Mongolia and the ROK, there is a

⁷ [World Telecommunication/ICT Indicators Database \(itu.int\)](http://itu.int)

⁸ Data website which the World Bank developed trade and tariff data with UNCTAD and in consultation with institutions such as the International Trade Center, the United Nations Statistical Division and the World Trade Organization. Retrieved from [United States | E-Commerce indicator | WITS | Data \(worldbank.org\)](http://United States | E-Commerce indicator | WITS | Data (worldbank.org))

gap in the scale of its development. However, the figure 1 shows that number of active mobile broadband is fast growth in Mongolia. Also, to see the figure 2 , the debit card usage is close to the ROK. It is signalling a potential for an increase of e-commerce in the short or midterm in Mongolia and the need to protect consumer in e-commerce.

1.3. The purpose of the study:

The research aims **(1)** to study the issues of consumer protection in e-commerce (business-to-consumer) of Mongolia and **(2)** to discuss what legal concepts and policies are needed to properly protect consumer rights in e-commerce, using the Republic of Korea as a model. **(3)** and to develop reasonable solutions for building an effective legal environment in Mongolia.

Research questions:

1. How adequate is consumer protection in e-commerce (B2C) under Mongolia's legal system?
2. What legal concepts and provisions are needed to protect consumer rights in e-commerce (B2C), considering the Republic of Korea as a model?

1.4. Literature Review

1.4.1. E-commerce and emerging issues

There are many definitions regarding e-commerce. As defined by the World Trade Organization's (WTO) work program on electronic commerce, e-commerce is "the production, distribution, marketing, sale or delivery of goods and services by electronic means"⁹(WTO, 1998). According to the Organisation for Economic Co-operation and Development (OECD), the sale or purchase of goods or services over computer networks using mechanisms

⁹ Work programme on Electronic commerce adopted by the General Council on 25 September 1998, WT/L/274. Retrieved from https://www.wto.org/english/thewto_e/minist_e/mc11_e/briefing_notes_e/bfecom_e.htm

specifically designed to receive or place orders is known as an e-commerce transaction¹⁰ (OECD, 2019). Orders placed via the web, extranet or electronic data exchange are included in these electronic transactions. The manner in which orders are placed determines the type of transactions that are carried out. Orders placed by phone, fax, or manually typed emails are typically not included in e-commerce (WTO, 2013). According to the E-commerce Act, the term "electronic commerce transaction" means conducting commercial activities through an electronic transaction (Act on the Consumer Protection in the Electronic Commerce of 2016). To sum up, e-commerce is the new trade trend conducted in virtual relations between sellers and consumers. However, it has also brought about unknown risks and vulnerabilities such as the issues of privacy, security and fraud. Therefore, cybercrime has become a source of significant concern in regards to e-commerce (Smith, 2008). Other risks include encryption data manipulations and fraud transmissions that could threaten e-commerce transactions (Wopperer, 2002). Also, the loss of personal information and wealth could cause insecurity for consumers (Neacsu, 2016). The root cause of these risks and vulnerabilities might be the fact that there are limited or non-existent physical contacts between consumers and sellers in e-commerce.

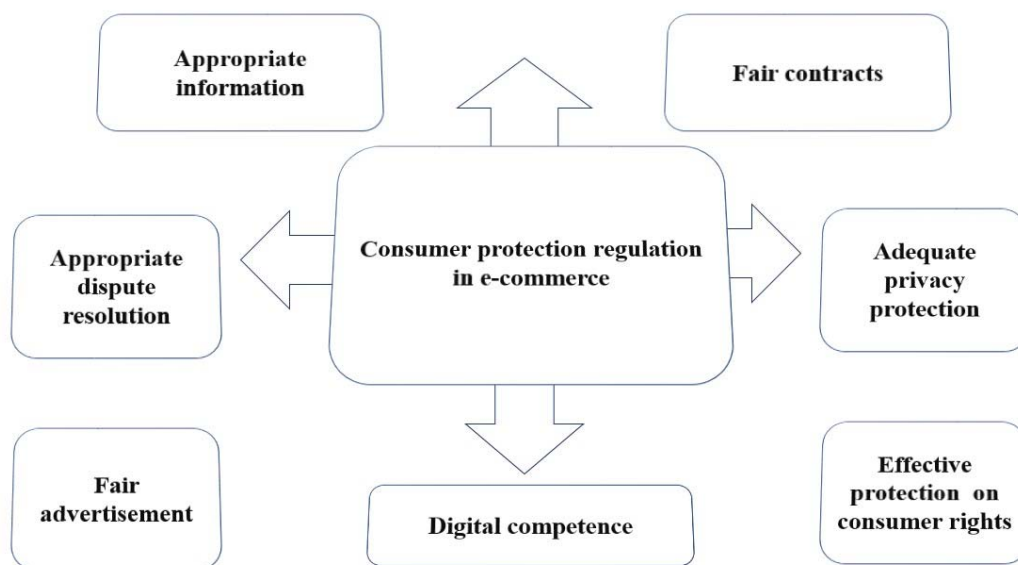
1.4.2. Consumer protection in e-commerce

Favorable regulations and policies in regards to electronic transactions, cybercrime, consumer protection, and privacy and data protection are essential for enhancing consumer confidence in e-commerce (UNCTAD, 2015). More importantly, the consumer protection law improve customer satisfaction and trust, enhancing the quality of customer relationships in e-commerce (Xu & Chen, 2021). In this context, international organizations and researchers suggest some models, principles and recommendations for protecting consumer rights in e-

¹⁰ OECD (2019), *Unpacking E-commerce: Business Models, Trends and Policies*, OECD Publishing, Paris, <https://doi.org/10.1787/23561431-en>.

commerce. Some of the principles for protecting online consumers include the following: the provision of complete information for consumers, recognition of online transaction (contract), principle of the right to return goods, complaint redress, adequate protection and protection of the personal data (Kirillova, Shergunona, Ustinovich, Nadezhin, & Sitdikova, 2016). Svantesson & Clarke (2010) identify four fields that are crucial for efficient consumer protection in e-commerce: provision of appropriate information, contract in fair terms, personal data security, and dispute resolution mechanisms. The OECD (2016) sets general principles for consumer protection to meet emerging challenges and protect consumer rights online. These include: effective protection, fair business, real advertising and marketing practices, electronic disclosure, confirmation process, payment mechanism, dispute resolution in local and cross-border disputes, security of consumer information, and consumer education in digital competence. Thus, the model for e-consumer protection can be summarized as the following that is showed in the figure 3: adequate protection, appropriate information, fair advertising, fair contract, appropriate dispute resolution, adequate privacy protection, and digital competence.

Figure 3: Model for e-consumer protection



- Effective protection of consumer rights

Guo, Ling & Liu (2012) examine the influence of consumer satisfaction on online shops through 8 determinants: website composition, security, transparency, payment process, service quality, good quality, a wide range of products, as well as a delivery service. According to their research, these aspects have positive effects on consumer satisfaction in China. Some researchers find that the basic principles of protecting online consumers are rights to return goods, to address claims, to give the recognition of online contracts, to provide adequate protection and to protect the personal data of consumers (Kirillova, Shergunona, Ustinovich, Nadezhin, & Sitdikova, 2016). However, Binding & Purnhagen (2011) point out that consumer protection can be provided through a variety of methods and systems, depending on specific circumstances of countries.

- Fair advertisement

Hassan (2012) suggests that it is getting difficult for traditional laws on advertising to protect consumers since advertisements and online descriptions can be removed or changed easily. Handoko (2016) has empirically found that product quality is essential for consumer satisfaction with online shops. Regulations aimed at protecting consumers must ensure that products meet fulfill acceptable quality and safety requirements (Svantesson & Clarke, 2010).

- Appropriate information

There are some necessary components for adequate consumer protection in e-commerce. One of them is appropriate information that gives consumers opportunities to make informed choices and avoid any damage from purchasing. There are six types of information that e-retailers should be obligated to deliver: disclosure in regarding e-retailers, products, purchase process, terms of contracts and applicable dispute resolution processes (Svantesson & Clarke, 2010). Park & Kim (2003) argue that consumer satisfaction and purchasing desire

could be affected by the information about online shops. Meanwhile, Lee, Cheng & Shih (2017) assert that some factors like good's information, price, product involvement, and word-of-mouth positively influence consumers' decisions to purchase goods.

- *Adequate privacy protection*

Most consumers who use online shops worry about their privacy and security (Godwin & Udo, 2001). The survey finds that consumers are more comfortable making online transactions when the websites are branded or secured, clearly disclosing information in regards to privacy security policy. On the contrary, untrusted and unsecured websites discourage consumers' confidence in e-commerce (Okeke et al., 2013).

- *Appropriate dispute resolution*

Consumers can file complaints against sellers or return products that are defective (Kirillova et al., 2016).

- *Consumer education in digital competence*

Another study regarding privacy security in e-commerce states that consumers who know I.T. well or have computer backgrounds have many concerns about privacy, compared to consumers who lack knowledge in information technology (Hadge, Encio & DBA, 2014).

1.4.3. **Study regarding e-commerce policy in Mongolia**

Researchers have been conducting studies with relation to e-commerce adoption and consumer rights protection in Mongolia. Some researchers analyzed the e-commerce adoption behaviour of individuals in the capital of Mongolia, Ulaanbaatar, and found out that an individual's perceptions of usefulness, personal innovativeness and self-efficacy are significant considerations in the adoption of e-commerce (Gantulga, Sampil & Davaatseren. 2020). A team of Mongolian and Korean researchers under the Asia Legal Information Network (2013) discovered a need for a unified law on consumer protection, in order to establish uniform legal definitions for critical terms such as 'defect' and 'product.' Moreover, it found that the need

to enact a product liability law on consumer protection. While the researchers of the National Institute of Law of Mongolia (2012) analyzed international laws and legal environment in e-commerce among emerging countries, some suggestions are made to improve the legal environment of e-commerce in Mongolia. However, neither of these two groups of researches considered the protection of consumer rights in e-commerce in Mongolia separately. Thus, there has not been sufficient research done focusing on the protection rights of consumers in e-commerce.

1.5. **Methodology and organization of study**

This study uses qualitative methodology to explore issues and current policies on the protection of consumer rights in the e-commerce of Mongolia, and develop reasonable solutions that lead to policy recommendations for building an effective legal environment by taking the ROK as a model. The methodology analyzes particular cases and statistics. The primary sources contain analyses of the provisions of existing laws and regulations relating to online consumer protection issued by the governing bodies of Mongolia and the Republic of Korea including the Consumer Protection Law, Competition Law and some provisions of the Civil Law of Mongolia (Lee et al., 2013) and Act on the Consumer Protection in electronic commerce of the ROK.

The secondary data are obtained the judicial decisions made by the Administrative Court, Criminal Court and Civil Court on particular cases related to e-commerce of Mongolia and information from press releases, disputes cases and statistics of consumer complaints from the website of Korea Consumer Agency are examined.

The judicial decisions of the Criminal Court, Civil Court, and Administrative Court obtained from the official website shuukh.mn (unofficial translation is Court.mn), an electronic database of court decisions of Mongolia, within seven district courts of the Ulaanbaatar city from December 2019, to September 2021. A total of eight cases related to e-commerce and

intangible goods were sampled and examined. The cases were selected after searching on this website for keywords including e-commerce, online commerce, trade disputes, consumer and government inspections.

The following criteria were used to select these eight disputes (cases).

- a) Consumer protection on e-commerce and intangible goods, e-contracts.
- b) Whether the content of the case is different.
- c) Different Jurisdiction (Court).
- d) Consider whether the circumstances of the dispute are different.

In regards to structure, the chapter 1, 2 examine the relevant provisions of consumer protection on e-commerce in Mongolia and the ROK. The paper then discusses two legal frameworks in total and leave with some recommendations. Finally, it makes short conclusion and implication for online consumer protection of Mongolia.

II. E-COMMERCE POLICY AND CONSUMER PROTECTION OF MONGOLIA

2.1. The legal background of the consumer protection of Mongolia

In 1990, Mongolia transitioned from a communist system to a democratic social system with a market economy. At that time, efforts were made to enact legislations essential for market economy, one of which was consumer protection. In general, the conception of consumer rights and their protection prospered in line with economic growth in Mongolia. The Consumer Protection Law was first enacted in 1991, then amended in the years of 1995, 1997 and 2002, and revised again in 2003. Subsequently, in 2008, the Consumer Protection Authority was reassigned to the Unfair Competition Authority. As a result, the agency has been renamed as the Authority for Fair Competition and Consumer Protection (AFCCP). It has a responsibility to implement and enforce the CPL throughout the nation. The legal concept of consumer protection in Mongolia is contained within the CPL, Competition Law and Civil Law. Of these three, the fundamental one is Consumer Protection Law, with the Competition Law and Civil Law containing relevant articles and principles for consumer protection. Today, the Competition Law and Consumer Protection Law are in the process of being amended for effective enforcement.

2.2. Consumer protection in e-commerce

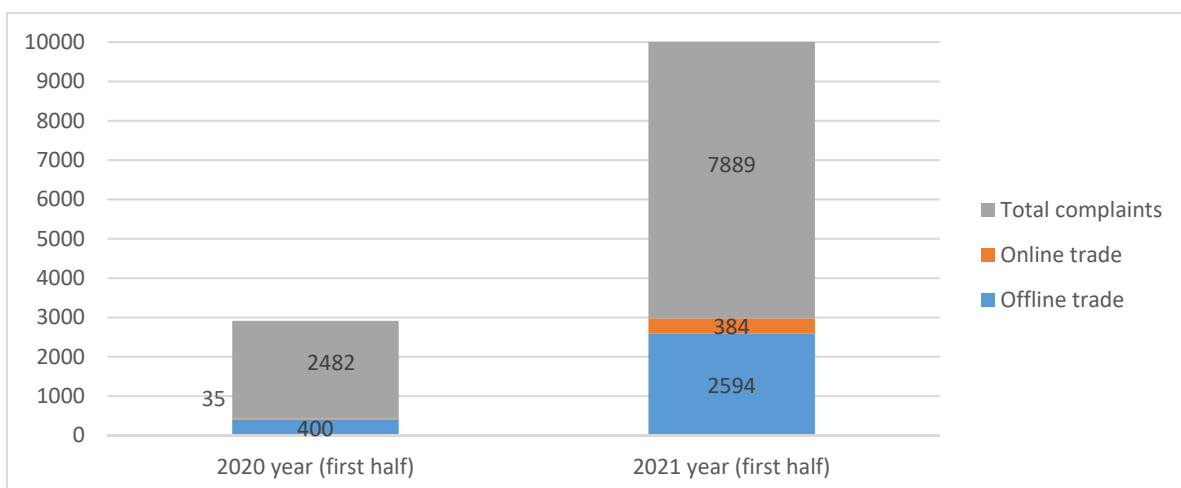
2.2.1. E-commerce of Mongolia

Social media use has increased in Mongolia, undoubtedly due to the country's predominantly young population and ICT development. In 2016, 2.2 million people used social media, principally Facebook and Twitter, accounting for 77% of the population. At least one Facebook retail page is used by an estimated 65 percent of Facebook users. (The report of E-Business Development Center, 2016). Moreover, people use both domestic shopping websites and cross –border providers such as Amazon and Alibaba. 20 per cent of domestic businesses

that offer tangible goods use online platforms (Delger, Tseveenbayar, Namsrai & Tsendsuren, 2019). A survey conducted on consumers who have experienced e-commerce in 2019 estimates that 34% of them Taobao, 15% Alibaba, 13% Amazon and 4% eBay (Tserendavaa, 2020). By country, 41% purchase goods from China, 30% from South Korea, 22% from the United States, 3% from Japan, and 4% from other countries¹¹ (Tserendavaa, 2020).

According to the Consumer Information Center report under the AFCCP, a total of 7889 consumer complaints were received in the first half of 2021(The first half report of the Consumer information center, 2021). From these complaints, 2941 complaints are related to trade and service and 12% (347) are complaints in regards to e-commerce (The first half report of the Consumer information center, 2021).¹²

Figure 4: The growth rate of the online complaints in Mongolia



Source; The Consumer Information Center under the Authority for Fair Competition and Consumer Protection¹³

Overall, complaints deal with various issues including commerce, communications, banks, health, education, competition fields, etc. While offline trade is commerce in a

¹¹ A sample survey of 3,520 people who had experienced e-commerce in 2019, was conducted.

¹² The Consumer Information Center under AFCCP is responsible for receiving consumer complaints via online, hotline and chat box and mediating between business entities and consumers. The first half report of 2021, Consumer information center under AFCCP. Retrieved from www.afccp.gov.mn

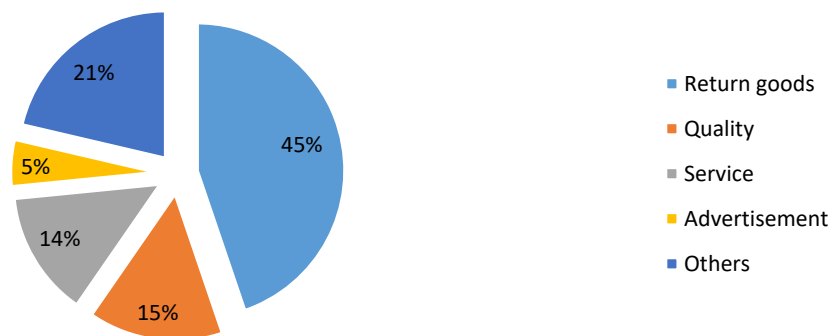
¹³ Retrieved from www.afccp.gov.mn

traditional sense, online trade means transaction through the Internet. The figure 4 shows that the complaints of online trade have increased compared to the previous year.

2.2.2. Transparent and Effective Protection in e-commerce

Most countries like Thailand, Sri Lanka, South Korea, Mongolia, Philippines, Mauritius, China, Taiwan, and Malaysia are following the approach that consumers deserve protection in electronic commerce to the degree no less than in other forms of commerce (Khare & Rajvanshi, 2012). Today, consumer protection in e-commerce has been regulated by laws such as the CPL, provisions of the Civil Law and Competition Law. However, there is still a lack of specific rules or regulations governing the commercial operation of sites and e-commerce (The National Institute of Law of Mongolia, 2012). In terms of cross-border commerce, the Agreement between Japan and Mongolia for an Economic partnership contains some provisions on consumer protection.

Figure 5: Type of consumer complaints on online trade



Source; The Consumer Information Center under AFCCP, Statistic of first half of 2021¹⁴

To see the figure 5, the majority of complaints are related to the quality of goods and returning them. According to the CPL, consumers have the right to use quality goods, work

¹⁴ Retrieved from www.afccp.gov.mn

and service (Consumer Protection Law of 2003, Article 5). Also, consumers have the right to repair and compensate for the damages caused by manufacturers, sellers and performers in accordance with Article 6. In addition, manufacturers, sellers and performers have an obligation to ensure consumer rights stated in Article 12. The table 4 shows that the consumer's complaint that is resolved by the CPL.

Table 4; Resolution of the consumer's complaints in e-commerce that are received to the Consumer Information Center under the AFCCP (The first half of 2021)

Consumer contact number	Type of internet device	Content of consumer's complaint	Resolution
77016060	Home smart Mongolia facebook page	I bought the pan from Home Smart Mongolia facebook page with a price 35 000 MNT and received it on January 3 2021. However, it was leaking water after seven days of consumption.	Not resolved as unclear contact information
80354747	Tsagaan degd LLC Healthy product trade Facebook page	I bought a blood pressure monitor certificated by the Authority for Measurement and Standardization on January 11, 2021 from the Facebook page. The blood pressure monitor was discounted from 65 000-39900 MNT. The guarantee document was issued by this online shop. However, it was made mistakes to monitor blood pressure and did not meet the quality requirements. So I complained to the purchaser regarding returning it the next day. But I got a refusal from the purchaser.	Resolved in accordance with Article 5, LCP
*****	Facebook page	I ordered a boot with size 35 from facebook page. But it was 37 size after delivered. I wanted to contact the purchaser, but he had already blocked my contact number and facebook. How can I compensate?	Not resolved

Source; Source; The Consumer Information Center under AFCCP, Statistic of the first half of 2021¹⁵
 In regards to unresolved complaints, around 37% have reasons such as obscure and unclear business information such as address and contact number.

¹⁵Retrieved from www.afccp.gov.mn

To sum up, CPL provides fundamental rights that are the right to use quality and safe goods and services, to be well-informed and to redress consumers who purchase goods and services in e-commerce. Therefore, in some cases, it is possible to regulate new relations in e-commerce. For example, there was a case where "A consumer lives in Sharingol soum and ordered plastic container for cutting meat and vegetable for 25 000 MNT from the online page. But it had a crack on the right side when delivered to me. I complained to the purchaser, but it did not receive my complaint"¹⁶. In this case, the delivery provider is emerged in e-commerce. According to the CPL, 3.1.4. "performer" means a business entity, organization or individual that performs paid or unpaid work and provides services to consumers regardless of its organizational form (Consumer Protection Law, 2003). Although, the delivery provider is new relation in e-commerce, main responsibilities are same to performer. Thus, this disputes possible to regulate under the CPL. While, in case that is "a consumer ordered a cup for a couple from Bozooloi online shop. But it was a different size after being delivered. The consumer wanted to return it. But the purchaser has not answered my claim until now. It has already passed 14 days after delivered a cup."¹⁷ According to the CPL, "Producers, sellers and performer shall be obliged to eliminate defects in goods, works and services as soon as possible. While doing it, both parties have to conclude a contract in which stating the time and amount of the penalty" (Consumer protection law of 2003, Article 10.4). However, this provision addresses only the relation governed by the contract. However, if the consumer does not conclude a contract, the seller's compensation period is not clear, and it shows there is a lack of provision to indicate the time and obligation of business.

¹⁶ The Consumer Information Center under AFCCP, Statistic of the first half of 2021 Retrieved from www.afccp.gov.mn

¹⁷ Ibid

2.2.3. *Fair business and real advertising*

The relation of real advertisement and fair business are regulated by the Advertisement Law, some provisions of CPL, and Competition law. A main law for against misleading consumers and unfair business is the Advertisement law, of which purpose is to regulate the acts of creating, placing, distributing and controlling advertisements in the territory of Mongolia, and aims to provide protection against unfair competition and the acts of misleading and deceiving consumers and harming their interests. According to this law, the following are considered to mislead consumers: misleading information about goods, prices, additional payment, the contract terms to remedies, warranty and consumption periods, the right to intellectual property, consumer review, and address and operation of the advertiser.¹⁸ In addition, some provisions address specifically the requirements of the internet advertisement like the following: to prohibit placing the advertisement on other's websites without the owners' consents (Article 12.1), the advertisement on the Internet has to contain the advertiser's name, address and contact number and other relevant information to provide consumers (Article 12.2), if a special fee is charged for access to the website in where the advertisement is placed, the notification should be reminded or placed in a visible place for the consumers before accessing to the website (Article 12.3). However, these provisions do not regulate online advertisements enough. So it is necessary to provide specific regulation on it (The National Institute of Law of Mongolia, 2009) because these limited regulations cause consumers to be misled by online advertisements. For example, in case where company placed another company's business name to its advertisement on Facebook page and official website without any consent, and then to mislead consumers. The state inspector found that company mislead consumers as used another company's business name to its advertisement. However, the Court finds that company's

¹⁸ The Advertisement law, passed on May, 30, 2002. Retrieved from <https://www.legalinfo.mn/law/details/259>

advertisement placed in their website is inconsistent to definition of “advertisement” in accordance to the Advertisement law.¹⁹

According to Article 3.1.1, "advertisement" means the information to increase the market demand for good, work, service, project and activities... (Advertisement Law of 2002). Thus, the Court declared that the information placed in the advertisement on the website and Facebook page using different company's business names is not intended to attract the attention of potential consumers. In this case, the state inspector also concluded that the company misled the consumers using different business names placing on its Facebook page and website. This company violated Article 12.1.4 which prohibits the illegal use of trademarks, labels, business names, product quality assurances, and copies of product names and package designs of other business (Competition Law of 2010). In the end, the Court decided that the company does not mislead the consumers as both companies operate in different business areas. Although this case is considered to be misleading for consumers, it cannot be regulated by the above-mentioned legal regulations. First, the definition of “advertising” within the Advertisement Law is limited to “any information intended only to attract consumers and increase business profit” (Advertisement Law of 2002). However, e-sellers deliver a wide range of information to consumers through the internet. Therefore, the above provisions under the Law, not possible to regulate any business information posted on the Internet. In other words, there are no regulations to prevent consumers from being misled by online advertisement (information) that is not intended to increase business profits.

On the other hand, the Competition Law prohibits the illegal use of business names of other companies to restrict competition. However, in this example, the court found out that the competition was not restricted because the two companies operate in two different business

¹⁹128/IIIIII2019/0529, City Administrative Court, The first instance (128/IIIIII2019/0529, Appellate and Control instances). Retrieved from https://www.shuukh.mn/single_case/2158?daterange=2019-01-01%20-%202021-10-11&id=3&court_cat=3&bb=1

fields. This case has indicated the need for special provisions on how to incorporate information about the e- retailer in e-commerce.

2.2.4. **Electronic disclosure**

E-commerce is different from traditional commerce because of non-face-to-face relations. As stated in the recommendation, "online disclosure should be clear, accurate, easily accessible and conspicuous so that consumers have information sufficient to make an informed decision regarding a transaction" (OECD, 2016, p.13). Information in e-commerce is divided into the categories to refer to a recommendation by OECD, which are disclosure about the goods or services, transactions and business.

✓ Information about business

Electronic disclosure is information providing to consumers by e-businesses to prevent harms and damages in e-commerce. Thus, it is required to include very detailed information including the identification and contact information of businesses. However, two types of fraud to consumers using different internet devices has increased due to a lack of disclosure regulations. One is a Facebook page (social network), another is an open social market site (unegui.mn). The unegui.mn is an open social market site where anyone can post and advertise for selling and renting something. Therefore, any individual, business entity or organization can place an advertisement and sell goods and services through this web site. However, this site does not provide requirements and obligations for online business. In addition, it is not responsible for any damages caused upon consumers by the products placed there. For this reason, some frauds raised in court dispute. For example, in the case where "the defendant posted fraud advertisement on the "Unegui.mn" open social market site. Then to defraud consumers. The Court finds that the defendant is guilty of "using fraudulent electronic devices, deliberately creating a fictitious situation, misleading others by concealing the truth and

embezzling the property of others” and to punished fine in accordance to the Criminal Law, Article 17.3”.²⁰

The Communications Regulatory Commission (CRC) of Mongolia is responsible for registering the domain names of sites and holding them under relevant regulations. Although, the violations of websites under some provisions of Advertisement law is restricted by this body, not addressed in consumer protection in e-commerce (The Communications Regulatory Commission, 2021).

Second, the fraud of some cases occur in the social network. For example, in case where the defendant posted on his facebook page that “To make wooden furniture”. Then he bargained a consumer to make two pieces of furniture within a week. A consumer transferred payment for preorder. However, the order was not executed on time and the consumer complained to the Police. The defendant testified a statement during investigation that “... I first bargained the consumer to make furniture within a week and to receive preorder payment. But other orders overlapped for a long time. So it hasn't been done yet at time ...” The Court imposed the defendant penalty depending on the less social dangerous nature of the crime and the personal situation in accordance with the Criminal Code, Article 17.3.²¹. Another example, the group people deceive consumers using different facebook pages. They made fake posting on their facebook pages and to misled consumers through a fake good comments that was reviewed by hired people. Defendants deceived totally 54 consumers. The Court concluded that defendants' order was unenforceable and was intended to defraud consumers. So the Court judged them to sentence 6 month`s imprisonment in accordance with the Criminal Law, Article

²⁰ 2020/IIIIT/1555, the Criminal Court of Bayanzurkh district, the trial of first instance. Retrieved from https://www.shuukh.mn/single_case/49700?daterange=2020-01-01%20-%202021-10-11&id=1&court_cat=2&bb=1

²¹ 2021/IIIIT/247, the Criminal Court of Khan-Uul district, trial of first instance. Retrieved from https://www.shuukh.mn/single_case/55095?daterange=2021-05-13%20-%202021-05-13&id=1&court_cat=2&bb=1

17.3, section 1.²² The practice of deceiving consumers using different page names is common. This is because it is easy to defraud consumers on social media; registration is simple, and there are no legal obligations for sellers. The Court judges the above fraud cases with the same provisions (Article 17.3, section 1); however, there were different situations or intentions of the defendants. Some were initially intended to defraud and others had not meant to defraud. Thus, it is essential to properly define vendors in social media and open market and also their responsibilities or obligations to ensure consumer rights.

✓ Information about the goods or services

Some provisions provide information for consumers. For example, "Consumer has right to receive accurate information about goods and services," (Article 7 of the CPL of 2003). Moreover, a business is responsible for providing customers with accurate and complete information related to the product and service in the contract (Article 243.2, Civil Law of 2002). In addition, the producers, sellers and contractors are prohibited from providing false information regarding goods, works and services to consumers (Article 12.8, CPL of 2003). To analyze these provisions, the manufacturer, contractor and seller have legal liability for providing consumers sufficient information about goods and services in both e-commerce and traditional commerce.

✓ Information about the transaction

To assist consumers to make educated choose, e-commerce businesses should disclose information regarding transaction terms, conditions, and charges (OECD, 2016). However, in some cases of intangible (digitals) goods, businesses do not provide sufficient information to consumers, which causes various damages for consumers. In case where a consumer concluded in a written contract with the mobile phone operator company to purchase services for a certain price package. But the consumer's service payment had paid high as extra payment except contract payment. The operator company made a complaint to the Court for consumer to

²² 106/2020/0585/᠓, the Criminal Court of Bayangol district, the trial of first instance. Retrieved from https://www.shuukh.mn/single_case/46212?daterange=2020-01-01%20-%202020-12-30&id=1&court_cat=2&bb=1

discharge service payment. The Court found that the consumer (defendant) has obligation to pay the basic service payment in accordance with the contractual obligations. While, the claim regarding high payment that is additional data payment had been dismissed by the Court decision.²³.

In the above case, the consumer did not get any notification and message from the operator while using additional data. However, the consumer has the right to be provided with accurate and real information to help them make an informed choice about goods and services (Article 7.1, CPL of 2003). However, this regulation is too general and unclear in terms of what information should be provided to consumers in e-commerce transactions, especially for intangible (digital) products and about ways to get consumers' consents through electronic forms. And in this occasion, it is also unclear as to how to consider whether consumers approved to use any intangible products.

2.2.5. **Electronic contract**

Some provisions of the Civil Law regulate electronic contracts. As stated in this law, an electronic contract is an act by a participant who expresses an intention for economic purposes, such as the sales, purchases, or transportations of product or service over the exchange of electronic documents through the internet.²⁴ According to Article 42¹.1 of this law, the contract that registration, notarization or written can be concluded in electronic form (Civil Law of 2002). Moreover, in case of concluding a contract in electronic form, the parties will be deemed to have entered into an agreement by expressing their interest by making an electronic document and signing it digitally, or by mutually acknowledging and expressing their interests using technical means and software (Article 196.1.8, Civil Law of 2002). It also determines the legal basis for the consumption of electronic signatures (Law on Electronic

²³ 184/IIIIII2021/00798, The Civil Court of Songinokhairkhan district, trial of first instance. Retrieved from https://www.shuukh.mn/single_case/102511?daterange=2020-01-01%20-%202021-10-11&id=1&court_cat=1&bb=1

²⁴ Civil Law of Mongolia. Retrieved from <https://www.legalinfo.mn/law/details/299>

Signatures of 2011) for the sales and purchases of contracts and the entry into force of transactions. These regulations have been provided with a legal framework for consumers to enter into electronic contracts in the online environment. Judicial practice shows that cases of contract disputes between borrowers and lenders are common online. For example, the borrower fails to fulfill its obligation under the e-loan contract with the credit agency. Although the consumer concluded an electronic contract, it was resolved by the Civil Court that “Bank and credit agency loan contract” part and “Borrower’s obligation that repay the loan on time respectively”²⁵(Article 451, Article 453, Civil Law of 2002).

This example shows that the Civil law regulates the relation that concludes e-contract, the dispute can be resolved under the relevant provisions, depending on the type of dispute. Therefore, it is possible to protect consumer rights in e-contracts within the framework of the relevant provisions. However, in the case of the purchase of intangible or electronic product, there is a lack of regulations governing consumers’ consent. For example, in case where the mobile phone company changed consumer's service package, after sent text messages to consumers, published ads in daily newspapers, and provided information through its Facebook page and official website about service. However, the consumers complained to the AFCCP with a reason that they did not receive information regarding service change and did not take consent to it. After inspected the consumer's complaint, the AFCCP concluded that the company provided information to consumers in accordance to the Article 7 of LCP “...a consumer has right to get real information regarding product and service for informed choice”, however, to violated the Article 12 “...to prohibit to sell good and service and contract by force”. The Court finds that the decision of AFCCP was legal and upheld the decision of state

²⁵ 101/IIIIII2021/01143, The Civil Court of Bayanzurkh district, trial of first instance. Retrieved from https://www.shuukh.mn/single_case/103085?daterange=2020-01-01%20-%202021-10-11&id=1&court_cat=1&bb=1

inspector.²⁶ In this case, the company cannot conclude a contract in written contact with every consumer as it serves many consumers. So it provided information through different channels. However, the penalty was imposed on the company for failing to obtain the consumer's consent. To sum, in the case of digital goods and services, there is a lack of regulation on how to consider the getting consumer's consent that could be concluded by virtual.

2.2.6. **Effective dispute resolution and redress**

The AFCCP is a state agency responsible for receiving and resolving consumer complaints according to the relevant laws. Moreover, the consumer has the right to complain to the Civil Court (CPL of 2003). Regarding disputes related to e-commerce, the AFCCP, the Civil Court, the Criminal Court are resolved disputes with different laws depending on the types of application in practice. The AFCCP's complaints are received in writing, call and using any devices and resolved with two types. One is the Consumer Information Center under the AFCCP, which is responsible for giving advice to business entities and resolving disputes through the mediating process. Another is a resolution made by state inspectors. Once an application for damage relief complaint of the consumer has been received by the State inspectors, a fact-finding investigation starts. Under the Law on Investigation and Resolution of Violations (2017) consumer complaints are reviewed and resolved within 3 to 60 days. And if it is necessary to collect facts and findings, it can extend to 30 days.²⁷ In addition, both consumers and purchasers are required to appear in person during the investigations. If the defendant disagrees with the inspector's decision, he can appeal to the Administrative Court.

The products and services traded and sales and contracts made through the Internet are usually small transactions, which is difficult for consumers as dispute mechanism consumes

²⁶ 221/MA2020/0590, City Administrative Court, the first instance, Retrieved from https://www.shuukh.mn/single_case/3875?daterange=2020-01-01%20-%202020-12-30&id=2&court_cat=3&bb=1

²⁷ Article 6.8, 9.1 of Law on Investigation and Resolution of Violations. Retrieved from <https://www.legalinfo.mn/law/details/12696>

much time. With the rapid development of electronic commerce, consumers will want to take advantage of a quick and simple option to resolve ever-increasing online conflicts. Thus, dispute mediation and resolution should be easier and quicker, resolving disputes seamlessly.

Cross-border e-commerce disputes

For cross-border disputes, consumer protection is regulated by the Memorandum of Understanding (MOU) with Consumer protection agencies of foreign countries. For example, there are provisions on consumer protection in cross-border e-commerce in Economic Partnership Agreement (EPA) between Japan and Mongolia, which contains the chapter named Electronic Commerce. This chapter aims to contribute to the creation of a trustworthy environment for the use of electronic commerce and to promote electronic commerce between two parties to a contract and the general use of electronic commerce worldwide.²⁸ Some of the provisions in this chapter are related to consumer protection. According to provision 9.6.1 of the EPA, the Parties establish and support transparent and effective consumer protection measures for e-commerce and increase consumer confidence. The measures to protect consumer in e-commerce will also be governed by both countries' relevant laws and regulations.

2.2.7. Consumer privacy and security

In our country, the legal relations and establishment related to personal security protection have been regulated by the Law on Personal Secrecy which the Parliament of Mongolia passed in 1995. Personal health protection, personal letter communication, personal property and a family secret are protected by this law²⁹. In addition, it does not provide for any other secrets of personal information that can be used to identify an individual.³⁰ However,

²⁸ On February 10, 2015, Japan and Mongolia signed an economic partnership agreement ("EPA") with the goal of liberalizing and facilitating trade and investment flows between the two countries, as well as creating a regulatory framework for future cooperation on improving the business environment in general.

²⁹ Law on Personal Secrecy of Mongolia. Retrieved from <https://www.legalinfo.mn/law/details/537>

³⁰ *Ibd*

with the development of information technology, new relations have emerged, and this law can no longer regulate that. For instance, in recent years, it has become popular for service providers to gather personal data (fingerprints) and other personal information to accumulate points based on customers' purchases. But this law does not address these issues, as well as the collection of personal data without the prior consent of the individual, use for purposes other than the original purpose, disclosure without permission, feedback when there is a risk of loss of personal data and the protection of information security.³¹ Thus, the content of this law is considered too general and declarative and certain types of issues cannot be addressed in questions that arise. Also, there is no specific regulation on protecting the data and information of individuals, organizations, and the public in Mongolia (Cho, Batbayar, Galbaatar, Doljin & Odgerel, 2016). The Communication and Information Technology Authority of Mongolia and working groups had been elaborated and developed a draft law named Personal Security Bill. This Personal Security Bill (unofficial translation) is being discussed under Parliament.³² This bill aims to regulate relation that collecting, processing, using, and securing personal data. The consumer's consent for using personal data must be given in writing to the respondent under Article 6.3.3 of this bill. While the written consent can be both in paper or electronic form to refer to this bill. As stated in Article 6.5, it is not deemed the consent of the owner of the information has not responded to the permission to collect data or the time for collecting the information or the usual reasonable time has elapsed.

It has been common to collect users' information online in the last years. As a result, this law establishes the rights and obligations of the owner in the collection, processing, and use of personal information, as well as the protection of those rights in the event of a breach of those rights. It also establishes the person's responsibilities in charge of the collection,

³¹Report of Ministry of Justice and Internal Affairs of Mongolia. Retrieved from <https://mojha.gov.mn/newmojha/?p=5687>

³² Report of Ministry of Justice and Internal Affairs of Mongolia. Retrieved from <https://mojha.gov.mn/newmojha/?topic>

processing and use of the owner's data. This bill will provide a legal framework for maintaining and ensuring the security of consumer privacy in e-commerce.

Chapter summary

This chapter aimed to study the e-commerce policy of Mongolia using the model for e-consumer protection. The method to observe and analyze the existing regulations based on the cases of e-commerce in the Court practices and then used to determine current e-commerce policy. To conclude, consumers' fundamental rights in e-commerce are regulated by CPL. While the disputes related to e-commerce handled by relevant provisions of the Civil Law, Advertisement Law and Competition Law, the Criminal Law have been judged by different bodies.

Although there are some provisions concerning disclosure of business, identification of e-business in e-advertisement, it is necessary to elaborate specifically, particularly in social media. The current provisions are too general and not specifically regulated for e-commerce. While a regulation providing to the electronic information transaction, obligations of the web site, information regarding delivery and issues of consumer's consent in online trade are still a lack of statutes. Also, there is essential to build agreement in cross-border e-commerce, especially to active trade partners. However, some agreements have been signed-in this area.

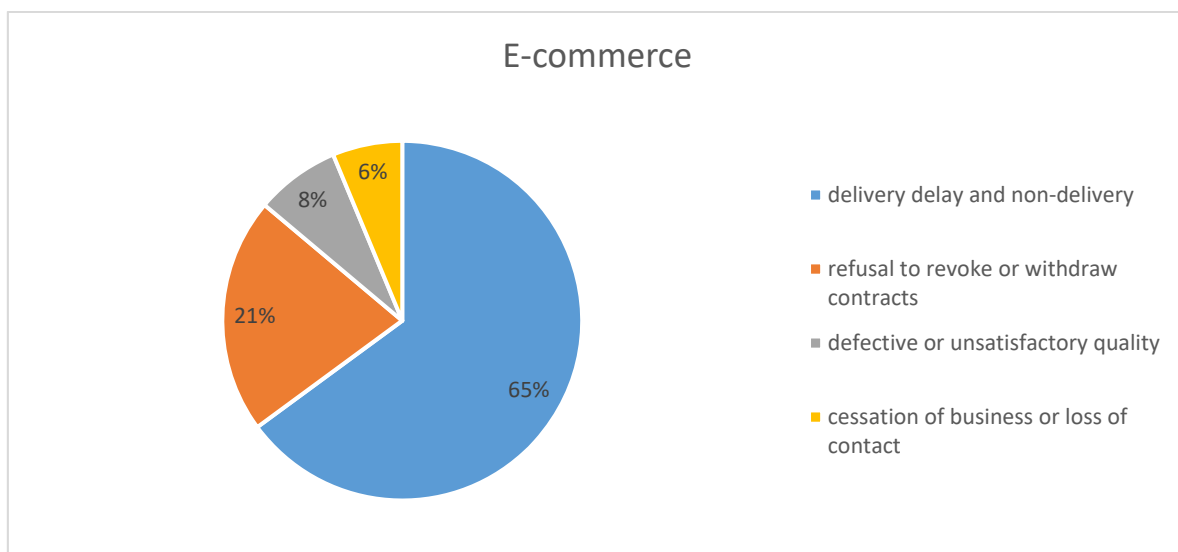
III. E-COMMERCE LAWS AND REGULATIONS IN THE REPUBLIC OF KOREA

3.1. Consumer protection in E-commerce

3.1.1. E-commerce of the ROK

Korea's e-commerce market ranks 5th, and mobile shopping is increasing rapidly globally (Goo, 2021). Many marketplaces and online stores accept third-party vendors to use their sites. Also, many businesses afford either apps and websites and use various online devices to attract clients. The platform, which is divided by type and main activity, includes a general marketplace, a clothing marketplace, department and retail stores, online auctions and blogging service. Moreover, domestic sites, cross-border sites such as Amazon.com and eBay are also frequently available (Eriksson, Matheson, Pitt, Plangger & Robson, 2020). To show statistics, 3,960 consumer consultations related to transactions on social media platforms were filed with 1372 consumer consultation centres from January to October 2020 (Korean Consumer Agency, 2020).

Figure 6: Type of the consumer complaints in e-commerce by the Korea Consumer Agency, 2020



Source; The press release by KCA

In term of social media platform operators Naver, Kakao, Facebook and Google were determined as the providers of electronic message board services under the E-commerce Act (Eriksson et al, 2020). And they are imposed obligation by this law.

Therefore, many companies are jumping into live commerce in Korea. According to the Kyobo Securities research centre, the live commerce market is evaluated at around 2.8 trillion won by 2021, and it will be expected to reach 10 trillion won by 2023 (Hae-Yong & Sarah, 2021). The National Assembly Research Service (2021, March 16) released a report that considered live commerce's issues and future challenges. The report indicated the need for narrowing regulations on live commerce for protecting consumers from damages. The Fair Trade Commission plans to submit the bill to the National Assembly³³. Amendment of the E-commerce Act propose amendments to expand the scope of liability of online platform operators for consumer harm (Kim & Chang, 2020).

3.1.2. Transparent and Effective Protection in e-commerce

Electronic commerce in ROK is principally regulated by the E-commerce Act (2016) which is broadly arranged to ensure consumer rights. In addition, e-sellers comply with Personal Information Protection Act (PIPA) (Act No. 16930, Feb. 4, 2020) requirements to gather, use, and transfer personal data. Also, some statutes are relevant to e-commerce. These include the Fair Labelling and Advertising Act (Act No. 12380, Jan. 28, 2014), which governs false, exaggerated, deceptive, excessively comparative, and slanderous product labeling and advertising. The Regulation of Standardized Contracts Act (Act No. 8632, Aug. 3, 2007), which ensures that unfair contract elements are not included in typical contracts.

The Framework Act on Consumers (Act No. 15015, Oct. 31, 2017) which ensure consumer dispute resolution and good return. The Electronic Financial Transaction Act (Act No. 14839,

³³ Press release, March 8 2021 by Fair trade Commission, retrieved from <https://www.ftc.go.kr/eng/cop/bbs/selectBoardList.do?key=515>

Jul. 26, 2017) regulates electronic financial transactions to secure reliability. The Monopoly Regulation and Fair Trade Act (Act No. 14127, Mar. 29, 2016) generally regulates concerns of competition and fair trade, and it may govern to interactions between providers of online-sold products. The Fair Transaction in Large-Scale Distribution Act (Act No. 13614, Dec. 22, 2015) obligates extra responsibilities on broad scale distributors (internet merchants included) and the Fair Trade Act (Kim, Oh, Kim, Park & Kim, 2021).

The first, Framework Act on Electronic Message and Electronic Commerce (1999) and the Electronic Signature Act (1999), were enacted to reply to the expanding online market (Song, 2016). Act on the Consumer Protection in Electronic Commerce was passed with initial provisions for consumer protection in 2002 (Sohn, 2016). This law has been amended several times to provide regulations on consumer protection. The Act on the Consumer Protection in Electronic Commerce was amended in 2005³⁴ and 2012,³⁵ respectively. The amendment of this law (2005) established a payment escrow system in e-commerce.³⁶ Under the escrow, authorized third party can hold contract money on behalf of the consumer and release it to the merchants after good is delivered.³⁷ The 2005 Amendment also introduced to restrict spam mail.³⁸ It established a registration system for consumers who did not get promotional emails, and merchants are prohibited from sending unsolicited emails to consumers who have registered. The E-commerce Act Amendment of 2012 imposed extra responsibilities on E-commerce operators and remote merchants.³⁹ In addition, the Act was revised in March 2016 to include 1) the issuance of interim restraining orders in order to prevent the spread of consumer harm caused by fraudulent internet sites etc., 2) additional responsibilities for suppliers of electronic bulletin board services in portal sites for the avoidance and repair of

³⁴ Act on the Consumer Protection in electronic commerce, No. 7487 (2005)

³⁵ At Act No. 11461 (2012)

³⁶ Act on the Consumer Protection in electronic commerce, No. 7487, Art. 24 (2005).

³⁷ To see Art.13

³⁸ To see Art 24-2

³⁹ Act on the Consumer Protection in electronic commerce, No. 11461, art. 5 (2012)

consumer injury caused by cafes, blogs, and other similar services, and 3) telemarketing intermediaries' liabilities, such as free markets, are reinforced. (Intergovernmental Group of Experts on Consumer Law and Policy, 2017).

This law now attempts to protect consumer rights and boost market confidence by regulating the fair trade of products and services via internet commerce transactions, mail orders, and other means.⁴⁰ It covers seven chapters, 45 Articles. The chapters are general provisions, electronic commerce transactions and mail orders, protection of consumer's rights and interests, investigation and supervision, corrective measures and imposition of penalty surcharges, supplementary provisions, penalty provisions.

3.1.3. Fair business and real advertising

In ROK, the unfair label and illegal advertisement is governed by some regulations. One of them is the Act on Fair Labeling and Advertising (Act No. 12380, Jan. 28, 2014) which has goal to prevent unfair labelling or advertising of a product or service. As defined in this law, the term "advertising" refers to activities done to extensively disseminate the contents of a commodity, terms and circumstances of transactions, and other information to consumers via newspapers, broadcasts, magazines, samples, the Internet, or billboards (Act on Fair Labeling and Advertising of 2014). Prohibited unfair labelling or advertising are classified into four types. These include; False labelling or advertising, deceptive labelling or advertising, unfairly comparison labelling or advertising, slanderous advertising.

3.1.4. Electronic disclosure

The Republic of Korea has strict disclosure rules for website owners. The E-Commerce Act and the PIPA, for example, both require that links to the site's terms and conditions and privacy policy be present (Kim et al, 2021). According to the E-Commerce Act, the initial

⁴⁰ Act on the Consumer Protection in electronic commerce, No. 14142 (2016), retrieved from https://elaw.klri.re.kr/eng_service/lawView.do?hseq=38513&lang=ENG

landing page, product description page and order confirmation page must include all disclosure and notification items required for each transaction step (Kin & Chang, 2020). The Act requires the disclosure of certain information on the first page and the product description page of the website such as trade name, representative's name, address, telephone number, email address, business entity registration number, terms and conditions of use for consumers, the trade name of the hosting company, online retail business registration number, and agency (E-commerce Act of 2016). Therefore, the description page for each of the products being sold on the website have to contain the purchaser and manufacturer information, information about good, payment process, delivery service, termination of the order, return and warranty, redress mechanism, link to terms and conditions, insurance or escrow policy, any applicable additional charges, restrictions related to the purchase transactions under E-Commerce Act.

Issues related to the supply of good

The Article 15 describes the obligations of vendors to supply goods to consumers and their duration (E-commerce Act of 2016). Therefore, this article stated that the process of goods, and if it is not possible to deliver to consumers, how to refund and take a necessary measurement. For example, in accordance Article 15, if the ordered good is not available, the vendors have an obligation to notify consumers about delayed reason and make a refund or take measures necessary within 3 business days from the ordered date by the consumer (E-commerce Act of 2016).

3.1.5. Electronic contract

The contracting process is the main challenge protecting consumer rights in e-commerce as carried out on one side of the business. The E-commerce Act is mainly regulates contracting on the Internet to protect consumer rights (Korea Fair Trade Commission, 2021). For instance, the Act is obligated to confirm and correct orders before payment to business operators to prevent consumer damage of misrepresentation or wrong contents of orders and

transactions (Article 7, E-commerce Act of 2016). While the information related to transactions, marks, advertisement and contract content (Article 6, E-commerce Act of 2016).

Termination of Contract

One of the important arrangements of an online contract of this E-commerce Act is regulated by Article 17. According to Article 17, Clause 1, the consumer has right to cancel the contract within the period prescribed by Act without any contract conditions were taken or product delivered(E-commerce Act of 2016). The consumers can be protected by this provision if in cases where consumer misleading and the product has different indication from that advertisement, damaged product no fault of consumers. In addition, this provision stated that no consumer could not cancel or terminate the contract if the vendor has the following reasons. These are; damaged goods are assigned to the consumers, worth of goods became less to sale due to the consumer consumption and slipped past time, a package of product damaged. If the product is non-identical from advertisement and indication or carried out differently from terms of the contract, the consumer has a right to cancel the contract within 30 months from the date both good is received or the fact is known by a consumer (Clause 3). However, the consumer can return the goods which had already been delivered in accordance 17(1), (3), there is not possible to produce goods that are digital content and services already delivered (Article 18, Clause 1, E-commerce Act of 2016).

3.1.6. Consumer privacy and security

The PIPA and Act on Promotion of Information and Communications Network Utilization and Information Protection ((Network Act) (Act No. 14080, Mar. 22, 2016) govern the acquisition and use of personal data in the public and private sectors. However, in many circumstances, the Network Act takes precedence over PIPA because it particularly covers

privacy and personal data issues for online service providers, including online shops⁴¹ (Practical law, 2021). The Network Act covers various matters, including collecting, using and transferring personal information, privacy policy, and technical and organizational measures. For example, suppose the business operators gather and use consumer personal information for e-transaction and orders. In that case, they will adhere to the related provisions of the Network Act (Article 11, E-Commerce Act of 2016).

✓ The securing confidence

Securing confidence in electronic transactions is necessary for e-commerce that is non-physical relation between purchasers and consumers. Thus, the escrow account and insurance contract for securing trust in electronic payment is stated in E-commerce Act for protecting consumer rights. The escrow system was adopted with the 2005 amendment of the E-commerce Act (Article 24, Clause 2, E-commerce Act of 2016).⁴² According to Article 24, consumers can choose to use the escrow system or conclude the contract (E-commerce Act, 2016). Consumers must make deposits with escrow service providers until the commodity is received or a consumer damage compensation insurance contract is completed, at which point the payment is released. Credit card transactions, non-delivery of goods, and payments under KRW 100,000 are exempt from this system (Song, 2016). In 2012, the KFTC made it mandatory for online shopping malls to have escrow accounts under the E-commerce Act. If a business operator is not comply with an order issued by the KFTC, it has the authority to put the specified business on hold for a period of not more than one year. It can also levy a fine equal to the amount of revenue the company made by breaking the law (Article 32, Clause 4 & Article 34, E-commerce Act of 2016).

⁴¹ This site provides legal practical case and know-how. Retrieved from [https://content.next.westlaw.com/6-618-1666?_lrTS=20201027135459384&transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://content.next.westlaw.com/6-618-1666?_lrTS=20201027135459384&transitionType=Default&contextData=(sc.Default)&firstPage=true)

⁴² Act on the Consumer Protection in electronic commerce, No. 7487 (2005)

3.1.7. Effective dispute resolution and redress

E-Commerce Mediation Committee

There is an alternative dispute resolution that is E-commerce Mediation Committee in the ROK. This committee is established to reduce damages in an electronic transaction under the E-commerce Act (Article 32). It aims to create a fair electronic environment and as well as to ensure the rights of business and consumers in e-commerce. It comprises 39 mediation committees, including experts of various fields related to e-commerce (Ministry of Strategy, Finance of Korea & Korea Development Institute. 2016). The Committee's main responsibilities are to: conduct activities for dispute prevention including digital competency activities to prevent business disputes, also to provide advice and service for digital business, paperless operation and transaction dispute resolution; and build a cooperation system among related organizations. Dispute resolution process covers all kind of complaints on B2C, C2C, and B2B transactions. The discussion or dispute resolution is carried out both online and offline. For complicated disagreement cases, face-to-face coordination, in which problems are addressed with a mediator, disputing parties, and an investigator all present in one location, is more suited. One can simply access the online coordination centre (chatting.ecmc.or.kr) to resolve a dispute.

Cross-border e-commerce

Consumers face language barriers, time zones, different regulations, and commercial practices when sustaining damages to purchase products or services from e-commerce. According to the 1372 Consumer Counseling Center report, 15,684 cases from consumers related to cross-border e-commerce were received in 2017, 41.1 per cent increased from previous years (11,118 complaints) (The Korea Consumer Agency, 2018).

According to the E-commerce Act, a consumer who concluded a contract with an overseas to buy a product or service might cancel it within seven days from the day the supply to the consumer except for exceptional cases. Even though many cases show that most sites operate overseas 'no return and exchange' on their websites, and arbitrarily shorten return and exchange periods (e.g. 'within 24 hours' or 'within 3 days'). Therefore, the KCA is working to protect consumers' right to cross-border e-commerce through a MoU with Consumer protection agencies of foreign countries. For instance, the MoU that aims to resolve cross-border e-commerce is concluded between the KCA and the Chartered Trading Standards Institute in the U.K. on June 21, 2018. According to the MoU, if the Korean consumer sustains damages as goods and services through online shops located in the U.K., the consumer complaint will be resolved by the Consumer organization of the U.K. While, if the U.K. consumer files complaint regarding the Korean purchaser, the resolution will be provided by KCA (The Korea Consumer Agency, 2018).

Chapter summary

The ROK protects consumer rights in e-commerce under different laws and regulations. The main law that the Act on the Consumer Protection in electronic commerce is designed to protect consumer rights in the transactions of e-commerce. This law defines the role of new relationships in e-commerce and provides main regulations in e-commerce. Mainly, this law stipulates very detailed regulations about business for disclosure of electronic transaction to consumers. The law also states the obligation that reporting to KFTC and local governmental organizations of e-commerce sites and e-insurance and contracts to increase consumer confidence. In regards to dispute resolution, the law provides effective dispute mechanism that is alternative dispute resolution named E-commerce Mediation Committee. The e-commerce mediation committee is established to reduce damages in an electronic transaction according to E-commerce Act. This is good experience that allows consumers to resolve simply e-commerce complaints electronically through consensus.

IV. ANALYSIS AND RECOMMENDATION

The research aimed to determine and examine what legal regulations are needed to protect consumer rights in the e-commerce of Mongolia based on the particular cases and related rules and to find out what good experiences from legal regulations and laws of Korea. Because Mongolia's e-commerce market is just infant, there is already an e-commerce relation and raised some e-commerce cases related to consumer damages in Courts and relevant enforcement agencies.

A result of the analysis, the following conclusion can be found. These include;

1. The research finds that in recent years, the increase in the number of individuals and businesses using social networks for e-commerce is considered a reason for consumer fraud in Mongolia. Because it is difficult that consumer identify the business in social platforms. It is witnessed the crime to fraud consumers is rising in the judicial decision. While some kinds of these issues are regulated by some provisions in the E-commerce Act of the ROK. For example, social media platform operators Naver, Kakao, Facebook and Google were determined as the providers of electronic message board services under the E-commerce Act. And their obligations are regulated by this law. For instance, a responsibility is referred that the provider of electronic message board service shall take measures to verify a mail-order distributor's personal identification information. According to this statute, the business operator places the trade name and name of the representative, address, telephone, email, numbers and character of the agency which has accepted its report. And also, business operators notify information consumers about terms of a transaction of goods, etc.
2. There are also some cases of consumer fraud in social commerce websites that allow third-party vendors to sell to consumers on their sites in Mongolia. There are no

obligations of website provider to ensure consumer rights with relevant laws. In ROK, at present, it is difficult to hold open market such as Coupang accountable as consumers and trading parties. Because the store registered in the open market is a direct party to the customer. If open market is notified that it does not bear responsibility for the transaction, it will be exempted from Act. Therefore, the KFTC has decided to ensure that these online platforms have legal responsibilities as parties to the transaction.

3. The CPL, the Civil Law of Mongolia stipulates business obligations to provide consumers with accurate and complete information related to the product and service. While, current provisions that are disclosure of business, identification of e-business in e-advertisement are too general and not specifically regulated for e-commerce. Therefore, the regulations providing to the electronic information transaction, obligations of web site, delivery service and issues of consumer's consent in online trade still a lack of statutes. While in the E-commerce Act of the ROK provides requirements for what information business distributors have to notify consumers. For example, the default page or the initial landing page must disclose the trade name and name of the representatives, address, phone number and email address, terms and conditions, privacy policy, tax registration number, online retailer report number, the trade name of the hosting service provider according to this law. Also, the good's pages must disclose the required information under the E-commerce Act.
4. In the case of intangible (digital) goods such as data (software) etc, detailed regulations are needed on how to make transaction this kind of goods and considering consumers' consent to purchase it.
5. Regarding the complaints related to e-commerce, the AFCCP, the Civil Court, Criminal Court are resolving disputes with different laws depending on the complaints. Conclusion and consumer complaint is reviewed and resolved within 3 to 90 days in

inspection practice of the AFCCP.⁴³ In addition, both consumer and purchaser are required to appear in person during the investigation and trial. In the ROK, alternative methods of dispute resolution, including settlements, mediations and arbitrations are often used. The e-commerce mediation committee is required to establish to reduce damages in an electronic transaction according to E-commerce Act. Disputes are resolved with more flexibility than litigations and conducted both online and offline.

6. The websites conducting online trade are registered to the Communications Regulatory Commission (CRC) of Mongolia. This Authority has the right to suspension if these sites in case of violations. The commercial sites are still exempt from liability because the violation provided by CRC does not address consumer protection. Therefore, some social sites have been becoming a tool for deceiving consumers. Also, there is no registration of online retailers. In the ROK, every online merchants must report to KFTC and either the local government having jurisdiction over the principal office of the online merchant according to the E-commerce Act. This report become warranty of information of online merchants to consumers and ensuring consumer right to be provided by information to help informed choose.
7. Most of the facts that consumers make purchases without any endorsement or contracts in e-commerce can be assumed to increase consumers' confidence in the need for e-commerce in Mongolia. In the ROK, e-commerce sites offer escrow systems and insurance contracts to consumers. This service, which protects and guarantees the rights of consumers to ensure that consumers are not harmed in e-commerce, is regulated by the E-commerce Act. It is addressed to prevent the consumers from being damaged by unsafe transactions, defective products, or fraud.

⁴³ Article 6.8, 9.1 of Law on Investigation and Resolution of Violations. Retrieved from <https://www.legalinfo.mn/law/details/12696>

Recommendation

As analyzed above, the raised disputes in e-commerce are regulated by the Consumer Protection Law and some relevant provisions of the Civil Law, Advertisement Law, Competition Law, Secrecy Law and the Criminal Law in practice. Indeed, these laws were regulated to generally protect consumer rights in e-commerce and not specifically address consumer protection in e-commerce. Thus, some suggestions are made the following based on the study.

1) Effective protection

Current consumer protection provisions on e-commerce are far from perfect. Thus, it is hard to protect consumer rights in e-commerce in practice. Thus, to amend the LCP with relevant provisions is necessary for e-commerce.

2) Appropriate information

There is an essential factor that reflects the amendment of the law. This is online disclosure that means information about the business, goods and services, transaction because e-commerce is different from traditional commerce as non-face to face relations. Online disclosure gives the high opportunity for the consumer to prevent any misleading, fraud and damage. Although business obligation to provide consumers actual and enough information is defined in current laws, there are not enough provisions on business indication and notification of the transaction. The ROK has stringent disclosure requirements for website operators. Thus, it is necessary to learn online disclosure from the legislation of the ROK.

3) Fair advertising

In terms of the advertising activities online, the main issue is misleading consumers. According to the Advertisement Law, to deceive the information about goods, prices, additional payment, the contract terms to remedies, warranty and consumption periods, the

right to the intellectual property, consumer review and address and operation of the advertiser are prohibited. However, the legal definition of "advertisement" restricts the scope of the law as defined too narrow. This definition only addresses the attraction of consumers. Thus, it is hard to determine misleading advertisements in e-commerce.

4) Appropriate dispute resolution

The products and services traded and sales and contracts made through the Internet are usually small transactions. Thus, it is difficult for consumers due to current dispute mechanism that consumes much time. Therefore, the consumers will want to take advantage of a fast and easy way to solve ever-growing disputes online. Also, dispute resolution will require professional skills caused by ICT development. Therefore, it is necessary to alternative dispute resolution systems that offer both online and offline. It is possible to learn dispute mediation committee of the ROK. Because it offers both online and offline and consists of experts in different fields.

5) Digital competence

Finally, one main aspect of e-commerce is consumer competency. E-commerce is an infant in Mongolia. The fact that transferring money without any condition and requirement from online purchasers shows consumers' lack of education regarding e-commerce. Thus, it is necessary to increase consumers' competency in e-commerce. And also, it is essential to create consumers' confidence in e-commerce in Mongolia. In the ROK, e-commerce sites offer escrow systems and insurance contracts to consumers. This service, which protects and guarantees the rights of consumers to ensure that consumers are not harmed in e-commerce, is regulated by the E-commerce Act.

V. CONCLUSION

5.1. Conclusion and implication

Over the last few years, the number of individuals and businesses selling goods and services online have increased in Mongolia. In particular, the number of individuals and retailers using social media has increased as well. These can be attributed to the increase in the use of mobile phones and social networks, as well as the ban on business activities during the pandemic. At the same time, e-commerce poses various risks to consumers.

Although the current Consumer Protection Law and related legislation define the rights and obligations of both consumers and sellers in the context of traditional trade, the complaints of consumer rights in e-commerce can be resolved within the framework of sellers' responsibilities under these laws. This is because these laws do not make distinctions between traditional transactions and e-commerce. However, there are some legal limitations to protect consumer rights due to newly emerged issues in e-commerce. These include;

The first, the parties that consumer-seller in the traditional trade is expanding depending on its reach to new types of service operators in e-commerce. Therefore, it has been not easy to regulate the rights and obligations of new parties and new relations under traditional trade laws.

Next, mutual trust is essential in e-commerce, which can be built with the help of information. Regarding this, the Act on E-Commerce of the ROK contains very detailed regulations on the information to be provided to consumers in e-commerce. While, in our country, there is a tendency to defraud consumers by offering fake products and services. There are couple of reasons for this type of consumer fraud. First, there is a lack of specific regulations on what information about e-commerce businesses should be provided to consumers. Also, there is no regulation on how to ensure transaction confirmation on e-commerce and how to respond to customers about delivery services.

Moreover, Civil Law and Electronic Signature Law sets out the legal framework for an electronic contract between sellers and consumers. However, specific regulations are still absent to conclude a contract for digital goods sold by a business to consumers.

Finally, consumer complaints related to e-commerce are resolved in accordance with the relevant provisions of different laws. This has caused many organizations and entities to create systems to handle disputes in electronic commerce. This situation also creates difficulties for consumers as to how to resolve their complaints.

Therefore, as policy implications, this study suggests that the amendment of the CPL is essential. It is important to consider the provisions required by the legal model of consumer protection in e-commerce mentioned above in elaborating the amendment. In particular, the CPL should define the definitions regarding “e-commerce transaction”, “digital product” and the emerged parties in e-commerce, as well as their responsibilities to ensure consumer rights in e-commerce experiencing from the legislation of the ROK. Therefore, it is necessary to alternative dispute resolution systems that offer both online and offline.

5.2. Research limitations

There is a limitation because of an insufficient number of cases regarding e-commerce in this study. Because the cases obtained from the official website shuukh.mn that is an electronic database of court decisions of Mongolia. The cases are selected within 7 district courts of the Ulaanbaatar city, from December 2019 to September 2021, which may not represent the nation's disputes in e-commerce. The E-commerce Act is examined as a good experience of the ROK. However, it can be another limitation as there are relevant provisions and regulations in different Acts of the ROK to protect consumer rights in e-commerce.

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