

**E-COMMERCE CONSUMER TRANSACTION:
IMPLEMENTATION OF A 'TRUSTMARK' SYSTEM IN MALAYSIA**

By

Nur Adila Binti Omar (2009867946)

Siti Zubaidah Binti Jemadi (2009817878)

Wan Nurul Hanini Bt Wan Ahmad Shukry (2009861778)

Submitted in Partial Fulfilment of the Requirements for the
Bachelor in Legal Studies (Hons)

Universiti Teknologi MARA

Faculty of Law

December 2011

The students/authors confirm that the work submitted is their own and that appropriate credit has been given where reference has been made to the work of others.

ACKNOWLEDGEMENT

Apart from the efforts of us, the success of any project depends largely on the encouragement and guidelines of many others. We take this opportunity to express our gratitude to the people who have been instrumental in the successful completion of this project paper.

The special thanks goes to our helpful supervisor, Dr Sheela a/p Jayabalan. The supervision and support that she gave truly helped the progression and smoothness of this project paper. The co-operation given by her is much indeed appreciated. We can't say thank you enough for her tremendous support and help. Without her encouragement and guidance this project would not have materialized.

This project will not be successfully complete without the help from Tuan Haji Mohd Khalis bin Kasim, Director of Copyright Department, Tn. Haji Mohd Rabani b. Hj. Soyam, Director of Direct Sales from Ministry of Domestic Trade, Co-operatives and Consumerism and also Pn. Sazlin from Company Commission Malaysia (Shah Alam). A token of appreciation from us for their time, opinion and idea with regard the successful of this research.

Great deals appreciated go to our faculty, Faculty of Law, Universiti Teknologi MARA, Shah Alam. We also would like to thank our Programme Coordinator, Pn. Mazlina Mangsor and all the lecturers and staff in helping us completing this research. We would like to thank our parents for their never ending support -in emotional and financial term- for us to complete our project paper.

Last but not least, the guidance and support received from all the members who contributed to this project was vital for the success of the project. A big contribution and hard work from all of us during the completion of this project paper is very great indeed. All ideas and writings during this finishing point would be nothing without the enthusiasm and imagination from all of us.

ABSTRACT

Building consumer confidence is one of the important issues to promote electronic commerce and online shopping. RM 1.8 billion has been spent by Malaysian on online business in 2010 and 7 out of 10 Malaysian agreed if the level of security in online shopping is higher, the number will increase as such implementation of a Trustmark scheme in Malaysia would boost the confidence level of the online consumers. This research thus analyses the implementation of a Trustmark system in Malaysia. For comparative purpose, it analyses the implementation of this system in other countries such as United Kingdom, Austria and Singapore. This research also scrutinizes the loopholes in the laws that relates to online business transactions such as Electronic Commerce Act 2006, Consumer Protection Act 1999, Contracts Act 1950, Registration of Business Act 1956 and Sale of Goods Act 1957. This paper proposes the implementation of the Trustmark scheme by creating a commission in Malaysia to better safeguard and increase the level of security to regards online shopping websites in order to gain consumer confidence apart from the laws.

TABLE OF CONTENTS

Acknowledgement	i
Abstract	ii
List of Cases	iii

CHAPTER ONE: INTRODUCTION OF STUDY

1.0	Introduction	1
1.1	Problem Statement	3
1.2	Objective Study	4
1.3	Literature Review	5
1.4	Methodology	12
1.5	Scope and Limitation	13
1.6	Significance of Study	13

CHAPTER TWO: TRUSTMARK SYSTEM

2.0	Introduction	15
2.1	Definition of Trustmark	15
2.2	History of Trustmark	17
2.3	Types of Trustmark	19
2.4	Objectives of Trustmark	21
2.5	Features and Characteristics of Trustmark	21
2.6	Conclusion	25

CHAPTER THREE: REGISTRATION OF BUSINESS

3.0	Introduction	26
3.1	Definition of Business	26
3.2	History of Business	26
3.3	Forms of Business Organisations	27
3.3.1	Sole Proprietorship	28

3.3.2	Partnership	28
3.3.3	Incorporated Company	29
3.3.3.1	Types of Companies	29
3.4	Business: Registration and Legislation	32
3.4.1	Registration Procedure for Business	32
3.4.1.1	Post-Reform Business Registration Procedures and Process	32
3.4.1.2	Business Registry	32
3.4.1.3	Post-Registration	34
3.4.2	Registration Procedures for Companies	35
3.5	E-Business/Online Business: Starting an Online Business	38
3.6	E-Business/Online Business Registration	42
3.7	Conclusion	44

CHAPTER FOUR: COUNTRIES INVOLVED WITH TRUSTMARK

4.0	Introduction	45
4.1	United Kingdom	45
4.2	Austria	48
4.3	EURO-Label	51
4.4	Singapore	53
4.5	Asia-Pacific Trustmark Alliance	56
4.6	Conclusion	59

CHAPTER FIVE: CURRENT LAWS GOVERNING ONLINE TRANSACTIONS IN MALAYSIA

5.0	Introduction	60
5.1	Electronic Commerce Act 2006	60
5.2	Registration of Business Act 1956	61
5.3	Consumer Protection Act 1999	62
5.4	Contracts Act 1950	64