

# **Strengthening E-Commerce Consumer Protection In Bangladesh: Legal Challenges, Regulatory Gaps, And Reform Strategies**

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## **I. Introduction**

The rapid expansion of e-commerce in Bangladesh has transformed the retail and service industry, providing consumers with unparalleled convenience and accessibility. Over the last decade, Bangladesh has experienced a significant shift towards digital transactions, driven by increasing internet penetration, widespread mobile financial services (MFS), and shifting consumer behaviors. According to the Bangladesh Telecommunication Regulatory Commission (BTRC), there were over 130 million internet users in Bangladesh as of January 2024, with approximately 40 million active online shoppers.<sup>[1]</sup> The COVID-19 pandemic further accelerated this digital transition, pushing traditional businesses towards online platforms and increasing consumer dependence on digital marketplaces.<sup>[2]</sup> This rapid digitization, while beneficial, has exposed critical weaknesses in consumer protection laws, raising concerns about fraudulent transactions, misleading advertisements, cyber security vulnerabilities, and the lack of accountability among e-commerce operators.

The e-commerce industry in Bangladesh is projected to reach \$3 billion by 2025, making it one of the fastest-growing digital markets in South Asia.<sup>[3]</sup> Major platforms such as Daraz, Pickaboo, Chaldal, and AjkerDeal, alongside social media-based commerce (F-commerce) on platforms like Facebook and WhatsApp, have played a crucial role in this expansion.<sup>[4]</sup> However, with the rapid rise of online businesses, consumers have also faced an increase in deceptive business practices. Numerous complaints related to fraudulent transactions, delayed refunds, non-delivery of products, and misrepresentation of goods have exposed gaps in legal enforcement and consumer protection frameworks. In 2023 alone, the Directorate of National Consumer Rights Protection (DNCRP) received over 12,000 complaints against online businesses, highlighting systemic regulatory failures.<sup>[5]</sup>

A prime example of the vulnerabilities within Bangladesh's e-commerce sector is the Evaly scandal. Evaly, once a promising e-commerce startup consumers with deep discounts and unrealistic cash back offers, operating on a Ponzi-like business model. By 2021, the company had failed to deliver thousands of orders, leading to a financial scandal involving unpaid merchants and customers. Similar cases, such as those of Eorange, Dhamaka Shopping, and Alesha Mart, have demonstrated that existing legal frameworks are insufficient to prevent fraudulent activities in the digital marketplace. These incidents not only undermine consumer confidence but also raise fundamental questions about the effectiveness of e-commerce regulations in Bangladesh.

## **II. Statement Of Problem**

E-commerce is a new concept in consideration to traditional commerce system There is a general concept that laws need to be changed with the necessity of the society and culture. As the concept of e-commerce is not so developed, it is normal that there may several problems as to e-commerce. There is a probability that people, both the seller and the purchaser, are not properly aware of the rules and regulations of e-commerce system. E-commerce is a system which is mainly based on technology. That's why, with the advancement of technology, laws also need to cope with the pace of the advancement of technology.

Compared to traditional commerce, to make customers satisfied and to achieve customers' loyalty for e-business is much more important. But the situation of current consumer online shopping satisfaction and trust is not so high. There may be several reasons for such a situation. Network accessibility for rural communities in getting an internet connection, Inadequate skilled IT professionals, lack of trustworthiness on IT infrastructure, low bandwidth and unreliable connection, lack of sufficient electronic payment services, costly and limited internet connection, consumer dissatisfaction due to inability to delivering correct product on time, unconsciousness about online based services, inherent tendency toward traditional transaction systems, frequent change in government policies regarding ICT and ecommerce, insufficient legal provisions against deception arising from online transactions are some challenges regarding e-commerce in Bangladesh

In Bangladesh, there is a great deal of interest in e-business; however, due to various economic,

infrastructural and legal reasons it has not spread. Most important companies, associations, chambers and government offices have set up websites. These sites mainly provide information about the organization, and its products and services. There are very few sites where financial transactions can be completed. Main reasons for low e-commerce transactions are absence of legal framework for completing an electronic business or financial payment system, low Internet usage due to lack of adequate telecom facilities, and overall lack of confidence in the security and reliability of e-commerce transactions.

### **III. Research Question**

Whenever it is the matter of the protection of e-commerce consumer rights, there are a number of questions that might arise. However, this research was limited to the following question. The following question will be alluded in order to achieve the research's goal:

1. Are the existing laws in Bangladesh capable enough to protect the rights of the consumers in the online marketplace?
2. Do the existing laws in Bangladesh which deal with e-commerce consumers need to be amended to protect the rights of e-commerce consumers?

### **IV. Scope Of Research**

The scope of this research is limited to a review of existing laws in Bangladesh that safeguard consumer rights in the digital marketplace. It assesses how consumer rights laws are applied and ineffective in the digital realm, as well as how they should be implemented and amended at the national level to protect consumers' rights.

### **V. Limitation:**

It is normal that every research has some limitations. It is not possible for the researcher to fulfil his research project without limitations. This research is also not free from limitations because of time shortage and some other reasons. The mentionable limitations of this research are as follows-

The survey of the research has been performed through internet and the respondents which is a very small part of Bangladesh as the field research shall be conducted in a particular area, it is not possible to depict the condition of the whole land of Bangladesh. For this reason, the actual situation of the whole area of Bangladesh may not be explored properly.

- ❖ Because of time shortage and a small part of area, data could not be collected from a large number of people. It may hamper the accuracy level of the research. So, the research may not be properly accurate.
- ❖ Because of time shortage the research could not be conducted broadly. That is why the research may not be effective enough to solve all of the problems regarding e-commerce in Bangladesh.

### **VI. Methodology Of Research**

I have used a mixed method design for this research i.e. both quantitative and qualitative. The mixed-method design has provided a more comprehensive understanding of the ecommerce in Bangladesh, laws regulating e-commerce and the practice. The data for the research has been collected through questionnaire as well as through personal interview of some concerning persons. For all of these reasons, I think, the mixed method design is more appropriate for this research.

### **VII. Literature Review:**

According to the literature on customs administration mishandling, this problem is widespread, especially in developing nations. The World Customs Organization (WCO) performed a research that found that corruption and a lack of openness were pervasive in customs administrations in developing nations, which decreased efficiency and effectiveness. However, a different study by the International Chamber of Commerce (ICC) found that customs delays are a significant barrier for cross-border trade by ecommerce companies. Based on a survey, (Amin, M. E., & Uddin, M. M., 2020). of 207 online consumers, this study investigates the obstacles and opportunities of e-commerce in Bangladesh. The study concluded that small firms in Bangladesh have significant difficulties due to high delivery costs, a lack of trust in online payments, and inadequate customer service. Nonetheless, there are opportunities for small businesses in Bangladesh to leverage e-commerce for growth, such as reaching consumers via social media. challenges in the customs administration can have significant negative effects on society and the economy in addition to harming enterprises. Furthermore, insufficient customs processes might result in security issues such as the smuggling of counterfeit goods or illegal substances. A 38 variety of initiatives and recommendations have been proposed to resolve these problems. The WCO promotes the development of risk management systems, the updating of customs processes, and the training of customs officers. Additionally, the ICC suggests simplification of customs procedures, harmonization of customs regulations, and increased cooperation between customs authorities and

ecommerce enterprises. Business owners and the economy as a whole may suffer greatly if customs procedures were handled poorly. Due to the difficulties in customs administration, e-commerce companies are particularly susceptible to international business risk. Therefore, governments and other interested parties must take decisive action to address customs challenges and ensure a more efficient and effective customs administration.