

To restore trust in online transactions, retailers need to develop a virtual handshake

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At one time, transactions between merchants and consumers were often sealed with a handshake. This handshake was more than a kind gesture—it helped reassure both parties that the other was committed to the deal and would correct any problems. As more transactions occur online, finding fair and efficient resolution of problems that arise can be challenging. In a new book, a University of Missouri legal expert says it's in the best interest of both retailers and consumers to establish a new virtual handshake to bring trust back into such interactions.

"We can buy items from all over the world with just a few swipes on our smart phones, but when problems arise—as they inevitably do—the next step is often unclear," said Amy J. Schmitz, the Elwood L. Thomas Missouri Endowed Professor of Law at MU. "It is difficult to tell the good merchants from the bad merchants on the internet, and the processes for resolving disputes often are confusing or difficult to find."

In their book, *The New Handshake: Online Dispute Resolution and the Future of Consumer Protection*, Schmitz and co-author Colin Rule propose a design for a "new [handshake](#)" for the online world. Their proposed process uses online dispute [resolution](#) principles and would operate independently of the courts, saving [consumers](#) and businesses time and money while not clogging the court system with small claims.

They propose a single platform that merchants and consumers would use to resolve disputes. The platform would have a single set of guidelines that both merchants and consumers would agree to, including a

standardized remedy for dissatisfied customers, a process to suspend or remove problem merchants and a way for both consumers and merchants to appeal decisions.

The proposal is a collaboration between Schmitz, a consumer advocate and founder of MyConsumertips.info; and Rule, co-founder and chair of Modria.com and the former director of online dispute resolution for eBay and PayPal.

"Colin and I have very different backgrounds—he hails from the high-tech industry, and I work in academia—but we both are committed to providing consumers with free access to remedies while saving businesses from the costs and complexities of court," Schmitz said. "Our goal is to rebuild trust in the business-to-consumer marketplace and provide a blueprint for the future of online [consumer protection](#)."

Schmitz points out formal redress mechanisms that work in the face-to-face world, like the courts, are generally impractical for online purchases—especially when purchases are of low value and cross several legal jurisdictions.

The New Handshake: Online Dispute Resolution and the Future of Consumer Protection is published by the American Bar Association Section of Dispute Resolution. More information can be found at Newhandshake.org.

Provided by University of Missouri-Columbia

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