LPRC
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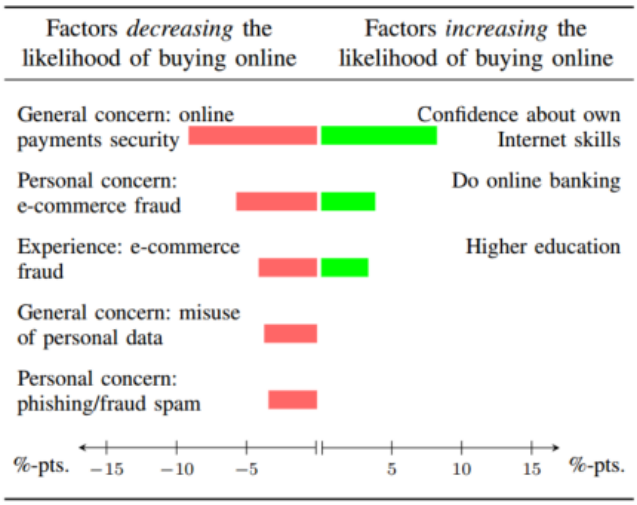
How Do Consumers React to Cybercrime?

The authors conduct a secondary analysis of data collected to survey EU citizens' experiences and concerns with cybercrime. They devise a series of logistic regressions that measure how exposure to cybercrime can inhibit online banking, shopping and other activities. They consider three forms of exposure: directly falling victim, expressing concern about security, and reading news reports.

Background:
While cybercrime events are costly and disruptive in their own right, even more impactful is the ripple effect they exhibit on consumer trust and subsequent commerce behavior. This research examines consumer reactions to various degrees of cybercrime exposure, measuring their change in willingness/likeliness to execute online retail transactions.

Findings:

- The authors find that directly experiencing cybercrime decreases the likelihood of shopping and banking online by 4-5 percentage points.
- Expressing concern about cybercrime has nearly twice as much negative impact on online behavior than directly experiencing cybercrime.



- People who have not heard anything about cybercrime in news reports or from colleagues are more likely to bank online than those who have heard such reports.
- Interestingly, **concern** about cybercrime inhibits online participation more than **direct experience** with cybercrime does.
  - The abstract threat of cybercrime is scarier than the truth and parameters of real events.

Implications

- Consumers concerns with cybercrime lead to changes in online banking behavior more so than changes in online retail behavior.
- Assuaging society's concerns over cybercrime could make a greater impact than allocating further resources on prevention/assisting victims.