CANADIAN INTERNET USERS MORE CONCERNED ABOUT INTERNET SECURITY

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Vancouver, BC—Despite assurances from the online community that making transactions online is safe, online Canadians[1] are likely to be more concerned about Internet security than they were a year ago, according to a recent study by Ipsos-Reid.

The study found that 32% of Canadian adults who use the Internet for at least one hour per week are more concerned about online security compared to a year ago, versus only 13% who are less concerned (54% are neither more nor less concerned). The percentage who say they are more concerned has increased dramatically from June 2001 when 18% said they were more concerned.

The overall level of concern is high overall, and poses a significant barrier to the further development of e-commerce in Canada. Only 42% of Canadian online adults have ever made a purchase online, and of those who haven't, security (49%) and privacy concerns (34%) are the top barriers mentioned on an open-ended basis. The vast majority of Canadian Internet users (82%) also say they are concerned about Internet security in general, and 47% indicate that they are very concerned.

A significant minority of Canadians have been personally impacted by breaches of privacy and security online, and the problem appears to be escalating. About one-in-three (35%) Internet using Canadians have suffered a breach of personal information

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[1] *Defined as a Canadian adult with Internet access who uses the Internet for at least one hour per week. Three-in-four Canadian adults have Internet access, and 84% of those use the Internet for at least one hour per week, which is equivalent to 63% of all Canadian adults.*

that they submitted online, which is up from 21% in June 2001 and 18% in December 2000. Of those who have had their personal information violated online, 95% have been subscribed to unwanted email and 29% have had their personal data sold or transferred to a third party, and 6% have had their personal information made public.

Based on this fact, it is not surprising that 84% of online Canadians say they are concerned about giving personal information online, with 49% saying they are very concerned.

"It seems like we have taken backwards steps in perceptions around online security since the dot-com peak of 2000," said Steve Mossop, Senior Vice President of Ipsos-Reid. "Despite advances made by online retailers and online security companies to protect Internet users, most still feel vulnerable to having their personal information compromised online."

The extent of the public's concern about credit card security and privacy indicates that even the most basic assumptions that we take for granted in the offline world are brought into question online. When asked how concerned they are with various aspects of submitting personal information online, Canadians indicate that they are most concerned with the security of databases that house credit card numbers (60% are very concerned), followed by 58% who say they are very concerned about their credit card information being used for non-authorized transactions once it is in the database of the retailer, and 57% saying they are very concerned about their credit card information being intercepted in transit while they are making an online purchase. About half (49%) say they are very concerned with the online company knowing it is them making the purchase and not someone else using their information, and 47% say they are very concerned with sites that they visit being able to access information that is stored on their computer. Thirty-nine percent say they are very concerned about discrepancies between themselves and an online company being dealt with in a fair and reasonable way. These numbers are virtually unchanged since we began tracking them in the Spring of 2000.

"Comparisons to the past show that the level of concern about security and privacy has not changed dramatically over the past three years," said Mossop. "Perhaps more importantly, the level of concern is not measurably different by online expertise or online shopping experience. The 'newbies' and frequent shoppers share the same concerns as online experts and those who have never shopped online. And until the people closest to the transactions are comfortable with it, it is unlikely that security and privacy concerns will dissipate."

When asked who should be most responsible for improving online security, the largest percentage of Internet users say the websites themselves (30%), though only 43% say they are confident with websites' ability to ensure the security and privacy of online transactions and account information. Conversely, 63% say they are confident that credit card companies can ensure security and privacy; however, only 17% feel that credit card companies should be most responsible for improving online security.

*The "**Canadian Inter@ctive Reid Report**" is the largest, most comprehensive and authoritative source of its kind about quarterly Internet trends in Canada. The results are based on two separate data collection instruments. In the first, 1,000 web users from Ipsos-Reid's Canadian Internet Panel are surveyed online. Panelists are chosen through random telephone surveys conducted on an ongoing basis across Canada. Results are complemented by a further 1,000 interviews via telephone with Canadian adults in order to verify results of the panel, and track issues among non-Internet users. Telephone interviews for this release were conducted between March 19 and 28, 2003 while the online data was collected between March 31 and April 3, 2003. These data are statistically weighted to reflect the population proportions of regular online users by online expertise and regional distribution. Our panelists represent approximately 15.2 million Canadian adult Internet users who are online for one hour a week or more (there are a total of 18.3 million adults who have Internet access).*

With a national sample of 1,000 (for each component), one can say with 95% certainty that the overall results are within a maximum of ±3.1 percentage points of what they would have been had the entire population of Canada's regular online users been surveyed. The margin of error will be larger for sub-groupings of the survey population.

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