

**FROM TRUST TO FRAUD EXPLORING THE PSYCHOLOGICAL  
PATHWAYS OF CURRENCY EXCHANGE SCAMS AMONG  
CHINESE STUDENTS IN THAILAND**



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**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF MANAGEMENT  
COLLEGE OF MANAGEMENT  
MAHIDOL UNIVERSITY  
2024**

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Thematic paper  
entitled  
**FROM TRUST TO FRAUD EXPLORING THE  
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SCAMS AMONG CHINESE STUDENTS IN THAILAND**

was submitted to the College of Management, Mahidol University  
for the degree of Master of Management

on  
8 December 2024



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## ACKNOWLEDGEMENTS

First and foremost, I would like to extend my heartfelt gratitude to my advisor, Professor Winai Wongsurawat, for his invaluable guidance and unwavering support throughout the process of writing this thesis. From selecting the research direction to the final draft, Professor Winai provided me with insightful suggestions and directions with his profound knowledge and patience.

I am also deeply thankful to all the participants in this study, who willingly shared their personal experiences and provided crucial data for this research. Their openness and participation made it possible to explore the psychological mechanisms of currency exchange scams in depth.

A special thanks to the Chinese police for their dedication and professionalism in clearing my name during the investigation of the fraud case. Their efforts ensured that justice prevailed and allowed me to resume my normal life.

I would also like to express my heartfelt gratitude to my parents and friends for their emotional support and encouragement during the challenging period following the scam incident. Their understanding and companionship gave me the strength to overcome the psychological impact and regain my confidence.

Additionally, I extend my sincere appreciation to the lawyers I consulted online, who provided me with professional legal advice during the case. Their guidance not only deepened my understanding of the legal system but also offered practical perspectives that enriched this research.

Finally, I wish to thank everyone who supported and helped me throughout this journey. Your contributions and trust have been the driving force that enabled me to overcome difficulties and complete this thesis.

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**ABSTRACT**

With the acceleration of globalization, more and more Chinese students choose to study overseas, but the complexity of cross-border financial transactions and the unfamiliar legal system make them a high-risk group of transnational fraud. This study takes Chinese students in Thailand as a case, and uses the theory of information asymmetry, trust theory, anticipation confirmation theory and limited rationality theory to analyze the reasons why overseas students are easily deceived. The findings are as follows: Information asymmetry enables scammers to take advantage of victims' lack of knowledge of the law and banking system to commit "legal" forms of fraud; Shared cultural backgrounds and social networks foster trust in scammers; Small successful transactions further reinforce the victim's sense of security; Emotions and time pressures limit the victim's ability to make rational judgments. The purpose of this study is to reveal the key mechanisms of transnational fraud, and to provide reference for enhancing international students' legal and financial awareness and formulating prevention strategies.

**KEY WORDS: TRANSNATIONAL FRAUD/ INFORMATION ASYMMETRY/ TRUST  
THEORY/ CONFIRMATION OF EXPECTATIONS; BOUNDED  
RATIONALITY/ OVERSEAS STUDENT**

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## **CHAPTER I**

### **INTRODUCTION**

With the accelerating process of globalization, more and more Chinese students choose to study overseas. According to the statistics of China's Ministry of Education, the number of Chinese students studying abroad reached 660,000 in 2019, and gradually recovered to about 600,000 in 2023 after the epidemic (Report on the Development of Studying Abroad in China, 2023). Thailand, especially in Southeast Asia, has attracted a large number of Chinese students with its cultural proximity and moderate tuition fees. According to data from Thailand's Ministry of Higher Education, Science, Research and Innovation (MHESI), as of 2023, more than 35,000 Chinese students have registered to study in Thailand, showing an increasing trend year by year (Annual Report MHESI, 2023). However, faced with the complex financial environment and unfamiliar legal system in a foreign country, many international students have become a high-risk group of cross-border fraud due to information asymmetry and lack of legal awareness.

Currency exchange fraud is on the rise all over the world. About 8.3 million people on the Chinese mainland suffered telecom fraud in 2022, involving more than 200 billion yuan, according to an analysis report on Telecom Network Fraud in 2022 released by the Internet Society of China. Of these victims, about 10% of the cases involved cross-border fraud (Research Report on the Governance of Telecommunication and Online Fraud under New Circumstances, 2022). Because of its secret, seductive and "acquaintance recommendation" characteristics, cross-border exchange fraud makes students often difficult to detect and suffer serious economic and psychological harm.

The impact of cross-border fraud is emerging on a global scale. According to the Guardian and other media reports, in recent years, overseas students have become a high-risk group of cross-border fraud, especially telecommunications, foreign exchange fraud and other forms of increasing in different countries. For these international students, scams often rely on the introduction of acquaintances of the same cultural background,



or the false sense of security of small successful transactions, which greatly weakens the victim's psychological defense. Among Chinese students studying in Thailand, similar cases of forex fraud also occur frequently, dealing a double blow to the victims' economic and mental health.

This study takes the fraud of Chinese foreign exchange students in Thailand as a case, and through in-depth interviews with multiple victims, aims to reveal the reasons and psychological processes of this group's vulnerability to fraud. This study is based on four theoretical frameworks: information asymmetry, trust theory, expectation confirmation, and bounded rationality theory to explain why international students are more vulnerable to fraud. First of all, information asymmetry enables scammers to take advantage of students' lack of knowledge of local laws and banking systems to design "legal" forms of fraud; Secondly, scammers usually build a relationship of trust through the same cultural background and social network, so that victims can relax their vigilance; In addition, through successful small transactions, scammers make victims confirm their "expectations" and ignore transaction risks; Finally, under the double pressure of emotion and time, victims are often unable to make rational judgments, leading to being involved in fraud.

Although specific statistics are limited, studies and media reports have pointed out that financial fraud activities in Southeast Asian countries are increasingly frequent, and many fraud gangs target overseas students, taking advantage of their lack of knowledge of local financial laws to carry out foreign exchange fraud and financial fraud. The risk of cross-border financial fraud to international students cannot be ignored. This study hopes to reveal the reasons why overseas students are gullible, and provide a basis for improving their financial and legal awareness and making future policies. It is hoped that by enhancing international students' legal awareness, deepening their understanding of cross-border financial systems, and strengthening relevant education and prevention measures, such fraud will be reduced.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Telecom Fraud**

Different from traditional crimes, telecom fraud is a fraud carried out through the network, collection, etc. The suspect will not have direct contact with the victim, but telecom fraud will cause great economic losses to the victim (Zhao Changming, 2023). Fraud suspects release false or deceptive information to the public through the above telecommunications means, so as to defraud the financial system and achieve the purpose of illegally occupying the property of others. The rapid development of Internet technology also provides technical support for criminals to evade the attack, making it increasingly difficult to detect cases and expanding the victim group (Guo Wenmei, 2022).

#### **2.2 Information Asymmetry Theory**

The theory of information asymmetry is an important theory in the field of economics, which refers to the bad behavior of the party with more information to the party with less information by using the phenomenon of information asymmetry (Wei Yiqun, 2018). In telecommunications fraud, scammers often have more information about the means of fraud, the source of funds, and the legal consequences, while victims often have difficulty assessing the legality and security of transactions because they lack sufficient information or expertise (Clarkson, Jacobsen, & Batcheller, 2007). Information asymmetry plays a crucial role in telecom fraud. Scammers often take advantage of the victim's ignorance or negligence to build trust through false information or misleading propaganda. For example, scammers may pretend to be banks, public security organs or relatives and friends, fabricate various emergencies or investment opportunities, and induce victims to transfer funds or provide personal information (Wei Yiqun, 2018). These scams often seem reasonable, but in fact, they hide great risks.

## 2.3 Trust Theory

Trust is an activity in which people cooperate with others by fully understanding their individual characteristics and social constraints, that is, by calculating the risk of cooperation with others (Gambetta, 1988). The overall operation of society cannot be separated from trust. In modern society, exchange is the dominant form of interaction or social relationship, and trust is the prerequisite for smooth exchange (Simmel, 1978). Different from fraud carried out face to face, the establishment of trust process of telecom network fraud is more dependent on the expectation and decision of the victim (Wu Xiao, 2023). Scammers establish a relationship of trust with victims through various means, such as posing as relatives and friends, leaders, or public security, court and other state organs staff, in order to gain the trust of victims. Once the victim is relaxed, the scammer will ask the victim to transfer money or provide personal information for various reasons, so as to achieve the purpose of fraud. In this process, trust becomes the key for scammers to successfully implement fraud (Wei Yiqun, 2018).

## 2.4 Expectation confirmation theory

Expectation confirmation theory is mainly used in the study of consumer behavior to explain how individuals confirm the rationality of current behaviors or decisions based on past experience or existing expectations (Oliver, 1980). In recent years, the theory has also been introduced into the field of telecommunications fraud to analyze why the victim is not alert at the early stage of the transaction, and then fall into the fraud trap. The expectation confirmation theory holds that consumers attach importance to their willingness to purchase a product or service, which is mainly determined by their satisfaction with previous use (Qiao Huaiyu, 2019).

In fraud cases, fraudsters use the theory of anticipation confirmation to improve the victim's satisfaction and post-purchase behavior.

The false sense of security brought about by a small successful transaction enables the victim to confirm the possibility of the transaction, and the successful arrival of funds to the account meets the victim's expectations, believing that the funds are safe. This expectation is confirmed, further strengthening the victim's trust in the scammer.

## **2.5 Bounded Rationality Theory**

Bounded rationality theory is a theory commonly used in economics and sociology to explain how individuals make decisions with limited information and cognitive abilities. According to this theory, due to the limitation of cognitive ability, time pressure and incomplete information, individuals often find it difficult to make completely rational decisions, but make "satisfactory" rather than "optimal" choices based on limited information and cognitive resources (Simon Herbert,1990). In telecom fraud, scammers often take advantage of the limited rationality of victims and induce them to make irrational decisions by applying time and situation pressure. Rational choice theory provides a clear understanding of how fraud groups create or extend their tactics (Kennedy&Sacco,1998), for example by applying time pressure or situational pressure to make irrational decisions.

Although the existing literature has extensively discussed the mechanism of transnational fraud, trust and information asymmetry, there are still relatively few specific case studies of transnational fraud encountered by Chinese students in Thailand. This study will fill the gap in this field through a real case analysis and provide a new perspective for future transnational fraud prevention strategies.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This study uses a qualitative research method, through in-depth analysis of individual cases, to understand the process of currency exchange fraud in Thailand and the victim's decision-making process. Qualitative research is suitable for exploring complex phenomena and is able to tap into users' underlying motivations, feelings, values, attitudes and perceptions of things. Interviewing Chinese students in Thailand in exchange fraud cases is the main method of data collection. In order to conduct interviews and analyze data, the research methodology provides a framework, as described below.

#### **3.1 Qualitative Research**

The qualitative research method is used to study the cases of Chinese students who were cheated by foreign exchange in Thailand. The qualitative research method can help reveal the details of the fraud and the psychological process of the victims.

#### **3.2 Sample Selection**

In addition to the author's personal experience, this article also interviewed three interviewees. Targeted sampling was used, and the three victims were all Chinese students studying in Thailand, and all had experience of being defrauded by foreign exchange. By selecting specific victims to explore their experience of fraud in cross-border transactions and the reasons behind it.

### **3.3 Data Collection**

The data collection method for this study was through in-depth interviews with open-ended questions. The interview was conducted by WeChat voice and lasted about 30 minutes. The respondents' answers were based on their own experiences. The open-ended question design allows respondents to freely describe their experiences, while the researchers ask some core questions, such as the reasons for trust building during trading, psychological changes during trading, and how to make decisions.

### **3.4 Data Analysis Method**

The data analysis method based on theory was adopted in this study. The researchers first sorted out the interviewees' statements, and then explained and analyzed why Chinese students became victims of fraud through existing theoretical frameworks such as information asymmetry theory, trust theory, expectation confirmation theory and bounded rationality theory. This kind of theoretical research can be used to explain the behaviors, attitudes and motivations of the interviewees.

### **3.5 Theoretical Application**

Asymmetric information theory: explains how scammers exploit the vulnerability of inadequate information about their victims.

Trust theory: explores how victims build trust based on shared cultural and social ties, and thus let their guard down.

Expectation confirmation theory: analyzes how victims' expectations after an initial successful transaction enhance their trust, ignoring potential risks.

Bounded rationality theory: explains how victims make decisions that are not entirely rational under time pressure and emotional pressure.

Through the application of these theories, researchers can effectively explain why victims are vulnerable in certain situations.

### 3.6 Ethical Consideration

In this study, the data collection process was strictly ethical, the researchers were responsible for protecting the information of the respondents, and the informed consent of each interviewee was obtained before the interview began. In order to protect the personal information of the respondents, all respondents are represented by the victim code A to C.

**Table 3.1 Victim list**

Name	Age	Gender	Date	Amount cheated
Victim A	20	Male	2024.06.16	22000 RMB
Victim B	29	Female	2024.07.12	50000 RMB
Victim C	24	Male	2024.07.06	20000 RMB

**Table 3.2 Interview Questions**

Topic	Question
<b>Information asymmetry theory</b>	When you exchange currency, do you ask the scammer the source of funds in advance?
	Before the fraud, were you aware of the risks associated with cross-border transactions and currency exchange?
	When the fraudster provides you with money transfer information, do you verify the authenticity of the information? Why?
	Do you feel you have enough information during the exchange process? Do you think there is some information for you to inform?
	Do you feel that you are at a disadvantage throughout the trading process? If so, please explain some reasons
	Looking back on the whole incident, do you think that with more information or resources, you could have avoided being scammed? What information is most important to you?

**Table 3.2 Interview Questions (cont.)**

<b>Topic</b>	<b>Question</b>
<b>Trust theory</b>	In a transaction, if it is a Chinese or a foreigner who deals with you, who would you prefer to deal with? Why?
	Did you feel more reliant on acquaintances or friends for trust because you were away from home or living abroad?
	Have you ever thought about further verification of the fraudster's identity? If not, why not?
	What was the most critical factor in your decision making? (such as convenience, exchange rate, acquaintance recommendation, etc.)
<b>Expectation confirmation theory</b>	During the course of the transaction, did the scammer use words or actions to make you trust him more? For example, are details used that make you let your guard down?
	If the trading process does not meet your expectations (such as the account is controlled by risk), do you have the intention to rethink or stop trading?
	After the first trade is successful and there are no problems, will you make the next trade with him? What experiences or expectations are these based on?
	Do you have any prediction of the occurrence of risks or problems throughout the exchange process? To what extent do these predictions influence your behavior?
	During the trading process, did anything happen that exceeded your expectations? How did this affect your next decision?
<b>Bounded rationality theory</b>	Were you under time pressure or a sense of financial urgency in making this decision?
	In addition to the specific information about currency exchange, were there any other emotional or social pressures that influenced your decision?



**Table 3.2 Interview Questions (cont.)**

<b>Topic</b>	<b>Question</b>
<b>Bounded rationality theory</b>	Have you ever felt that classmates or friends around you are using similar methods of currency exchange? How does this group influence your decision making?
	Do you think the situation affected your judgment? How would your decision be different if there were no time pressure or other external pressures?
	In hindsight, what risks do you think were overlooked when you made the swap decision? How would you evaluate that decision?
	After reviewing the whole process, how do you think you can help other students avoid similar scams?
	What advice would you give to international students who might be facing a similar situation?

## **CHAPTER IV**

### **DATA ANALYSIS**

Three victims were interviewed. The interviewers used WeChat voice to share their experiences of being cheated. Interview on October 1, 2024, approximately 20 minutes per person.

After the interview, the author divides this chapter into two parts. Part of this is the backstory, which combines the different perspectives of the victim to fully understand the psychological process of the victim's deception. In the other part, the author will specifically analyze the key reasons that lead to foreign exchange fraud of Chinese students.

#### **4.1 Backstory**

The story revolves around a Chinese student who becomes embroiled in a cross-border fraud case while exchanging money in Thailand.

The story takes place on July 11, 2024, when a classmate from Mahidol University (Peng) contacts me via WeChat, claiming that his friend (the fraudster) is importing durian in Thailand and needs to pay the supplier, but he doesn't have Thai baht, and asks me to help exchange. Because I trusted it was a classmate, I agreed to his request without verifying. The nightmare began when the fraudster transferred RMB from a Chinese bank account to mine, confirming receipt of RMB, I transferred THB to the fraudster's Thai account. After I thought the transaction was successfully completed, my Chinese bank card was frozen the next day, and I was informed of being suspected of involvement in a cross-border fraud case. The police told me that the RMB that entered my account was another victim in China (this victim may have been tricked by other fraudulent means and was instructed to transfer RMB to my account), and I needed to fully repay RMB to clear suspicion and unfreeze my bank card. While the suspicion was not lifted, I was

restricted from traveling abroad, and all my Chinese bank cards were subsequently frozen, and Alipay and WeChat Pay were also restricted.

In the process of fraud, in order to reduce my vigilance, the swindler explained in advance that a large amount of money transfer may lead to the normal risk control of the bank card (Bank of China policy stipulates that frequent bank card transfers, large amounts of money transfer, automatic risk control, in order to protect the security of user accounts, to avoid accidental loss of user property. Normal risk control only needs to change the mobile banking password or notify the bank by phone). The fraudster's first transfer did not have any problems, and took advantage of the time difference between the freezing of the bank card by the police, and transferred to me twice successively. During the third transfer, the bank app showed that the account was at risk, but with the previous advance notice, I only thought that it was controlled by normal risks, and then still transferred the Thai baht to the fraudster's account.

After the incident, I tried to find other victims who had the same experience as me, and they were also Chinese students who were defrauded of tens of thousands of yuan or even more by similar means for various different reasons.

Victim A: The scammer added WeChat through Red Book (a Chinese social networking APP similar to Twitter). The scammer hoped to help exchange Thai baht for capital circulation on the ground that he was doing jewelry business in Thailand. In order to increase credibility, the first transfer of 2,000 RMB, after confirming the success of the transaction, and a second transaction, a total of 22,000 RMB (108,000 baht) was cheated.

Victim B: Through the introduction of the alumni, Victim B transacted RMB 50,000.00 (246,000 baht) for the first time, and continued to exchange RMB 50,000.00 for the second time. Due to the unclear screenshot of the transfer voucher received by Victim B and the timely phone interception from the Bank of China, Victim B stopped the second transaction and recovered the loss of RMB 50,000.

Victim C: added the scammer's WeChat through Red Book. In order to gain trust, the scammer asked for cash transactions offline. Victim C received the bank transfer from the scammer in advance and handed over the Thai baht cash to the scammer offline upon request. The amount defrauded was 20,000 RMB (98,400 baht).

#### **4.1.1 Lack of Legal Knowledge**

In interviews, all three victims said, "I didn't know that private currency exchange was illegal. Currency exchange is very common in Thailand. There are many places to exchange money." And they had many private transactions before the incident, exposing the weakness of legal awareness, and many successful transactions also let them relax their vigilance. Victim A said that before the incident, she did not understand the possible risks of foreign exchange, and believed that as long as the successful receipt of RMB, the transaction was OK. Victim B also admitted that "during the exchange process, the source of the funds was not verified." Even if the scammer gives you information about the person transferring the money, it may be false. Because I'm in Thailand, I can't make international calls to verify the real information of the person transferring the money."

In my cheating experience, the swindler told me that he was doing durian business in Thailand, made me believe his business background through voice calls, released work videos and other actions, and intentionally informed me in advance that a large amount of transfer would lead to bank risk control, so that I mistakenly thought that the frozen bank card was a normal security measure rather than an abnormal fund. This illustrates the victim's lack of in-depth knowledge of the banking system and legal provisions, lack of knowledge of financial laws, and failure to recognize that the bank's risk control mechanism is designed to guard against the risk of suspicious funds in a particular case. As a result of ignoring the abnormal signals, the victim went on to make high-risk trades.

Lack of understanding of the risks of cross-border transactions, poor legal awareness, and neglect of sources of funds put Chinese students in a vulnerable position, making them more vulnerable to fraud. Unbeknownst to them, the funds they received were linked to fraudulent activities and ended up inadvertently being part of a transnational crime.

#### **4.1.2 Abuse of Trust Based on National Background**

For fraud to succeed, the most important thing is to gain the trust of the victim. All three interviewees stressed the importance of trust in the decision-making process. Victims A and C chose to trust the swindler because they were Chinese, believing that their compatriots shared a common cultural background, which reduced their suspicion of the transaction. A said, "When I first came to Thailand to study, I also encountered difficulties. At that time, some compatriots helped me. Now he asked me for help. I didn't think much about it. In unfamiliar environments, people tend to instinctively seek common ground to feel more secure. Nationality, language, culture, and even similar life experiences form the basis of trust.

B and I let our guard down because the scammers were recommended by alumni. The trust between Chinese people is not only limited to one-to-one trust, but also often expands in the circle of acquaintances. A person's trust can extend to the entire network of acquaintances, so when someone in a certain network of acquaintances recommends or participates in a transaction, the victim tends to assume that the entire network is trustworthy. "I know many of my classmates are exchanging money privately," said B. This kind of trust from the "circle of friends" is also enough to ignore potential risks. Our emotional and social relationships are exploited by scammers, becoming a breakthrough in the implementation of fraud, which is also a common means of transnational fraud.

#### **4.1.3 The False Sense of Security of Success in Small Transactions**

In order to gain the trust of the victim, the scammer first carried out a small transaction, such as transferring 2,000 RMB (9840 baht) to the victim A, A said: "He did not have a problem with the first transfer, so I thought that there was no problem with the following, so I continued to transaction." Driven by the sense of security that the initial successful transaction verifies the integrity of the other party, victims ignore potential risk signals, especially in cross-border transactions, where the appearance of a successful remittance leads victims to ignore the authenticity of the source of funds.

In my experience, the swindler first made the first 3000RMB (14760 baht) transaction with me without any problems, and it was not until the fourth day when he made the second large transaction with me of 30000RMB (147,600 baht) that he was

notified by the police of suspected fraud. Small successful transactions create favorable conditions for scammers, so that victims do not question each other in subsequent large transactions, and even when they encounter abnormal situations, it is difficult to react immediately.

C said: "He was willing to transfer money to me first, and allowed me to give him the Thai baht cash when I met him, so the act of transferring money first made me feel reliable." The act of transferring money in advance makes the victim have a strong trust in the security of the transaction, think that the other party is reliable, feel that they occupy the initiative in the transaction, and reduce the sensitivity to risk. Lulling victims into a false sense of security increases the likelihood of being scammed.

#### **4.1.4 Time and Emotional Pressure**

Fraudsters often create a sense of urgency that the transaction must be completed immediately by applying time pressure, leaving victims with no time for detailed verification or reflection, and time and emotional pressure prompting victims to make decisions within a limited time frame. Victim A mentioned: "He always urges me, always urges me", at the same time, he has emotional trust because of the background of the other party, when the time and emotional pressure is applied at the same time, the victim's defense is rapidly reduced, so that the interviewee loses the opportunity to think calmly, and it is too late to carry out the necessary risk assessment and identity verification.

Victim B mentioned: "The other party is an alumnus and claims to be in urgent need of currency exchange. I don't want to put the other party in a difficult situation." The respondent develops a strong sense of responsibility and compassion, and this emotional pressure puts her under an obligation to help the other person quickly, but instead puts herself in a difficult situation.

In my experience of being cheated, after I received the risk warning from the bank, the scammer immediately called me and told me that the supplier was in urgent need of payment and asked me to pay him immediately. Due to the previous emotional trust and the urge on the phone, I could not think deeply, chose to believe the liar and ignored the warning signs.

Due to various reasons, the victims have suffered the painful price of trusting others, according to the victims, their bank cards are frozen at present, the police

asked to return all the RMB to the victims in China, but the interviewees are not willing to return all, the two sides are in dispute and are negotiating. The police said that the pursuit of crooks is far away, and the victims can only actively cooperate with the investigation, and strive to find crooks and recover losses as soon as possible.

## **4.2 Analysis**

In the analysis part, the author will study 4 important factors that affect Chinese students being cheated in Thailand, including information asymmetry, trust, expectation confirmation, and limited rationality theory. Analyze how these factors lead to foreign students being cheated and the psychological path of being cheated.

### **4.2.1 Information asymmetry theory**

Information asymmetry refers to the imbalance of information held by both sides of the transaction. In cross-border financial transactions, scammers often have more information about the source of funds, the risks and legal consequences of the transaction, while victims have difficulty assessing the legality and security of the transaction due to lack of sufficient information or expertise.

There is a general lack of knowledge among victims about the laws and regulations governing cross-border private currency exchange. They consider private currency exchange a common practice and have even become accustomed to sending money through unofficial channels. This ignorance of the Thai and Chinese financial legal systems makes them unable to recognize the potential legal risks involved in currency exchange. Fraudsters take advantage of this gap in legal awareness, allowing victims to unknowingly become involved in cross-border criminal activities.

The scammers have a deep understanding of the operation of the banking system and the risk control mechanisms of the banks, while the victims lack an understanding of these complex mechanisms. The intentional misdirection of the scammer makes the victim miss the opportunity to identify the fraud because he cannot correctly judge even if he gets the warning signal of abnormal funds.

At the same time, victims lack the ability to investigate the true source of funds in cross-border transactions, especially when the funds flow across borders, and

they cannot verify the authenticity of the other party's accounts and the legitimacy of the funds through existing means. Aware of this information asymmetry, fraudsters cleverly trick victims into believing the source of funds is legitimate by falsifying transfer records or screenshots.

To sum up, the core of information asymmetry lies in the lack of sufficient knowledge, tools and legal resources for the victims to protect themselves, and the scammers take advantage of these knowledge gaps to design seemingly legal transactions to confuse the victims, so that Chinese students in Thailand cross-border exchange fraud gradually fall into the scam.

#### **4.2.2 Trust theory**

Trust is one of the core mechanisms of fraud success. Scammers use a variety of means to establish and exploit trust, so that victims let down their guard, ignore the risk, and eventually fall into the scam.

By using the same nationality and cultural background as the victims, the scammers quickly close the psychological distance with the victims and establish initial trust. This commonality of cultural backgrounds makes victims naturally relax their guard, believing that the other person shares their own experiences and beliefs, and is therefore less likely to cheat.

In addition to an individual's cultural background, social connections or acquaintance introductions between the victim and the scammer also enhance trust. The scammer is approached through an alumnus' introduction, and this alumnus' endorsement gives the victim great trust in the security of the transaction. Victim B said in the interview, "I know many classmates are exchanging money privately", and this pattern of behavior in the circle of friends further consolidated her trust in private currency exchange, ignoring the potential legal risks and the possibility of fraud.

In these cases, the scammer exploits the chain of trust in the network of acquaintances, and victims often assume that the scammer is safe and trustworthy because a trusted person recommended the scammer. This trust is not limited to individuals, but spreads across social networks, allowing fraud to spread among friends. This is also a common method in many fraud cases, where scammers use the victim's social network to deceive.



### **4.2.3 Expectation Confirmation Theory**

Anticipation confirmation theory is mainly used in consumer behavior, where an individual confirms the rationality of a current action or decision based on past experience or existing expectations. When individuals' expectations are validated, they increase their confidence in existing decisions and tend to repeat the same behavior.

In the cases where these small transactions were successful, the victim's expectations were confirmed: "successful arrival of funds" was considered the only criterion for the safety of the transaction. This confirmation of expectations allows them to ignore other potential risks, such as the legitimacy of funding sources or legal risks in cross-border transactions.

In the fraud case, the victim believed that it was just a simple currency exchange transaction and that the "friend" introduced by the classmate would complete the transaction as scheduled. The victim first confirmed the receipt of RMB and considered it as expected, so further transferred the baht as requested. Since this step is in line with the victim's expectations, there is no doubt about the authenticity of the transaction and no awareness of the risks behind it.

Anticipation confirmation theory helps explain why foreign students are not alert at the start of trading. When the initial transaction met the victim's expectations, the victim's trust in the transaction increased, ignoring potential danger signals. This confirmation of expectation allows the scammer to proceed smoothly with the scam.

### **4.2.4 Bounded rationality theory**

Bounded rationality theory is a theory commonly used in economics and sociology to explain how individuals make decisions based on their own interests and preferences. In the actual process, when making decisions, individuals are limited by cognitive ability, time limitation and incomplete information, and it is difficult to realize complete rationality. Individuals can only make "satisfied" decisions in complex situations based on limited information and cognitive resources, rather than "optimized" decisions.

The theory of bounded rationality also states that time constraints often force people to make hasty, irrational decisions. In these fraud cases, the scammer usually applies time pressure to the victim to complete the transaction quickly, and the victim

eventually makes the wrong choice because he cannot fully analyze the situation and make rational judgment in a short time.

Emotional and social pressures often interfere with an individual's rational decision-making process. In these cases, victims not only face time pressures, but also make choices that are not entirely rational because of emotional trust, a sense of responsibility, and social expectations, and emotional responses dominate, thus affecting the quality of decisions.

By explaining the victims' limitations in information, time, emotion and cognition, the theory of bounded rationality reveals why they fail to make optimal decisions in the face of complex fraud. Due to lack of information, time pressure, emotional interference, the victim gave up the in-depth evaluation of the transaction, ignored the potential risk signals, and finally fell into the scam under the interlacing of multiple unfavorable factors. This theory provides a framework for understanding victims' decision-making processes and explains why they are vulnerable to fraud in complex cross-border transactions.

## **CHAPTER V**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Conclusions**

Through an in-depth analysis of the foreign exchange fraud of four Chinese students in Thailand, this study reveals the key factors why Chinese students are more likely to be the target of fraud. These include information asymmetry, abuse of trust based on the same cultural background, a false sense of security brought about by small successful transactions, and the emotional and time pressure exerted by scammers. The combined effect of these factors leads to victims being unable to make reasonable and prudent judgments in the face of cross-border transactions, which ultimately leads to being involved in fraud.

The theory of information asymmetry explains that one of the important reasons why Chinese students are swindled is that the victims cannot get enough information. Scammers have a deep understanding of the banking system and transaction risks, while victims lack sufficient knowledge of laws and regulations to identify potential risks in the case of information asymmetry. Information asymmetry enables scammers to take advantage of victims' knowledge blindness and design seemingly legitimate transactions, thus forcing victims to be unconsciously involved in cross-border financial crimes.

However, it also raises the question of whether Chinese students are adequately trained in legal and financial literacy before going abroad. This lack of training may be one of the root causes of information asymmetry. Future research can further explore how to effectively reduce information asymmetry through education or policy intervention, so as to reduce the probability of fraud.

Trust is the core element of fraud success. By taking advantage of the same nationality and cultural background as the victims, the scammers close the psychological distance and establish initial trust, and then deepen the trust of the victims through the

relationship chain in the social network. Acquaintance recommendation makes victims ignore potential risks. Trust abuse in social networks is an important way to fraud success.

While trust is an integral part of any social interaction, it can have serious consequences when it comes to cross-border transactions. Therefore, how to build trust across cultures while avoiding over-reliance on trust relationships in social networks has become one of the propositions to be explored in the future.

The expectation confirmation theory explains why victims further deepen their trust in the scammer after a small successful transaction. In this case, scammers create an illusion of security by making a small, successful transaction first. The victim thus confirms their expectation that the transaction will be fine as long as the funds are successfully deposited. This confirmation allowed them to ignore key factors such as the legitimacy of the source of funds when they were subsequently confronted with larger transactions, and even when there were abnormal signals, they failed to react in a timely manner, believing that the problem was temporary or systemic. This strategy also makes the victim regard the successful result of the initial transaction as the subsequent security guarantee, and the expectation confirmation process will greatly reduce the individual's awareness of the risk of the transaction.

Scammers often create time pressure that makes it impossible for victims to complete a full risk assessment in a short period of time, and often put emotional pressure on the time pressure, making victims feel obligated to help the other person quickly. Under the double pressure, the victims make irrational decisions. Bounded rationality explains that individuals under emotional and time pressure can affect their decision-making ability, especially in complex and uncertain environments.

In the future, it may be possible to use effective decision support tools to help individuals make more rational choices supported by technology. Risk alerts through mobile phones or policy design to increase the buffer time in cross-border transactions to reduce irrational decisions caused by stress.

## **5.2 Limitations of the Study**

Although this study provides an insightful overview of scams encountered by Chinese students in Thailand, there are still some limitations. The sample size is small, based on interviews with only four victims, and may not be representative of the experience of all international students. Second, the study was limited to one country-specific case, Thailand, and failed to fully consider the different patterns of fraud that students from other countries may face. Future studies could expand the sample to include victims from more countries and different backgrounds to provide broader insights.

## **5.3 Recommendation**

Based on the findings of this study, Chinese students face multiple risks in cross-border foreign exchange transactions, so the following suggestions are proposed to reduce the occurrence of future exchange fraud and improve the security of international students.

### **5.3.1 Strengthen legal and financial education**

Chinese students can receive relevant legal training before studying abroad. Study abroad agents provide students with safety knowledge education and legal knowledge education targeted to the characteristics of each country.

Colleges and universities: Foreign colleges and universities regularly hold safety knowledge lectures for international students. Students pay attention to the psychological changes of students during school, send legal knowledge to the student system, and require students to complete the examination requirements.

The Chinese Embassy: organized legal knowledge seminars for Chinese students, and cooperated with the Thai government to provide compulsory financial and legal knowledge training for international students, covering legal risks such as cross-border fund transfer laws between Thailand and China, bank risk control mechanisms, and private currency exchange.

Financial Security Handbook: Develop a financial security handbook specifically for overseas students, detailing how to identify potential financial scams, how to avoid illegal transactions, and how to seek help if you encounter problems. Can be issued at the airport, train station and other traffic arteries.

### **5.3.2 Strengthen trust management in online social circles**

Since many fraud cases are based on the recommendation of acquaintances or the trust relationship in the social circle, it is possible to establish a WeChat group of Chinese international students, who need to conduct identity verification to enter the group, and provide anti-fraud experience or experience sharing for Chinese international students to warn everyone to avoid sending similar situations again. Regular fraud warnings are issued to enhance risk awareness among students. Students are encouraged to strictly verify the identity of the other party and the legitimacy of the funds when making any transaction.

### **5.3.3 Establish a legal aid mechanism for international students**

When international students encounter cross-border financial fraud, they often get into complicated legal disputes. Therefore, it is hoped that the Chinese Embassy will strengthen cooperation with local police and financial institutions to provide timely legal aid, legal advice and support services for international students to help them cope with legal procedures and financial losses. It is hoped that the Thai police can assist in case tracking to ensure that fraud cases can be dealt with quickly.

### **5.3.4 Psychological and emotional support**

Set up special psychological support services in universities or international student communities to help victims deal with emotional problems after fraud and provide necessary psychological counseling. Through mental health lectures, students can improve their ability to make calm judgments under various emotional pressures and reduce the risk of being cheated due to emotional decisions.

### **5.3.5 The reporting and reward mechanism was implemented**

In order to effectively combat cross-border foreign exchange fraud and encourage international students to actively participate in the fight against fraud, it is recommended to implement a reward mechanism for reporting. The mechanism aims to provide economic incentives and perfect protection measures to encourage international students to report fraud found, so as to reduce the occurrence of fraud incidents and safeguard the legitimate rights and interests of international students. Financial rewards are available for successful reporting, and anonymous reporting can be provided to protect students' privacy.



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