

Essential concepts from psychology and economics are highlighted in this data breach report. There is information asymmetry because the corporation found out about the hack months before telling customers, which caused them to take no action. Additionally, it illustrates a negative externality—even though they weren't at fault, consumers are exposed to dangers like identity theft due to a third-party provider's failure. According to psychological theory, consumers may feel deceived and lose faith in the organization's capacity to safeguard their information. According to risk perception theory, the potential for fraud can nevertheless lead to stress and affect behavior even in the absence of any verified abuse. These hypotheses illustrate the wider effects of data breaches.