

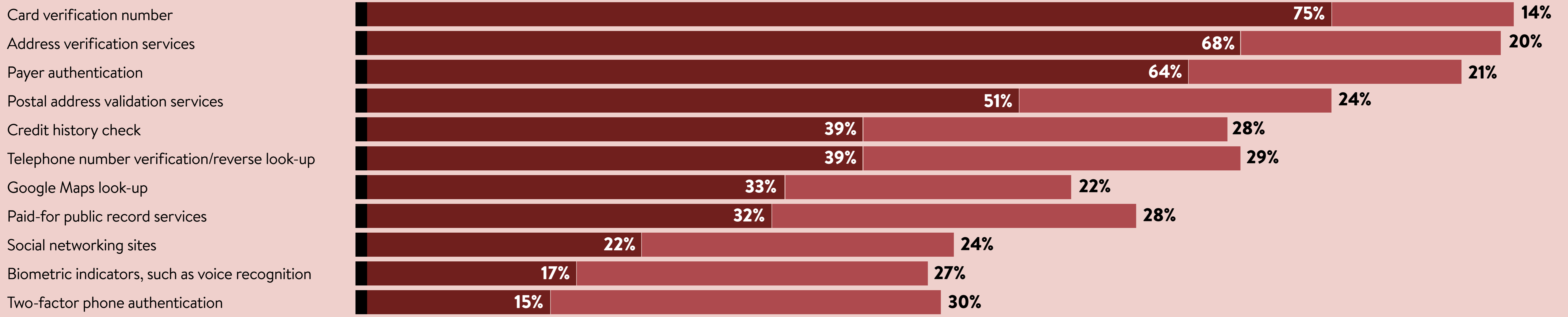
E-COMMERCE FRAUD LANDSCAPE

TOOLS USED BY UK E-COMMERCE COMPANIES TO ASSESS PAYMENT FRAUD RISK

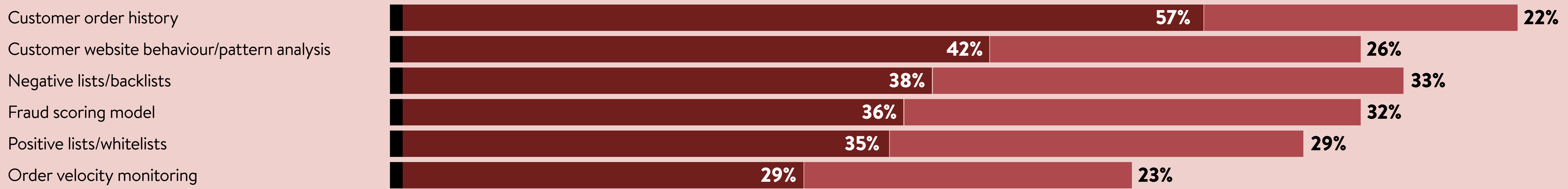
● Currently used ● Planning to use in 2017

Source: CyberSource 2016

VALIDATION SERVICES



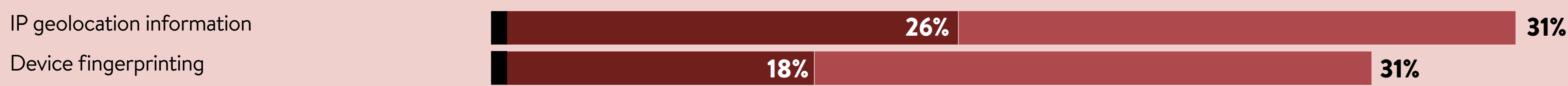
PROPRIETARY DATA/CUSTOMER HISTORY



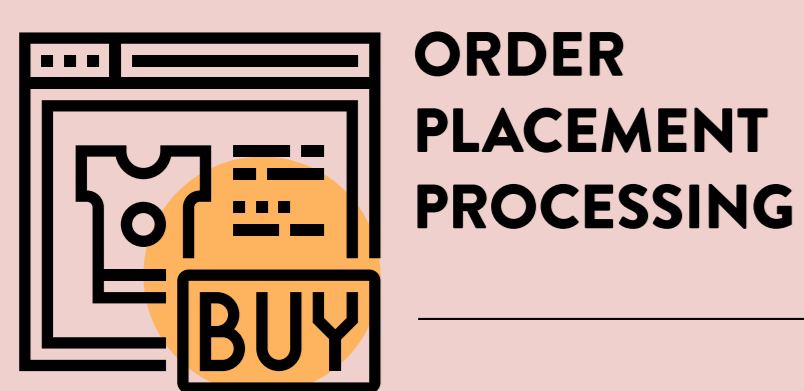
MULTI-MERCHANT DATA/PURCHASE HISTORY



PURCHASE DEVICE TRACKING



WHERE E-COMMERCE FRAUD CAN HAPPEN



ORDER PLACEMENT PROCESSING

- Inflated retail prices for fake discounts
- Unauthorised price change
- Unauthorised/fake orders
- Presence of blacklisted entities



PAYMENT

- Credit/debit card fraud using stolen information
- Payment gateway vulnerabilities, such as hacking
- Cash on delivery (non-receipt of payment, fraud by cash collection agent)



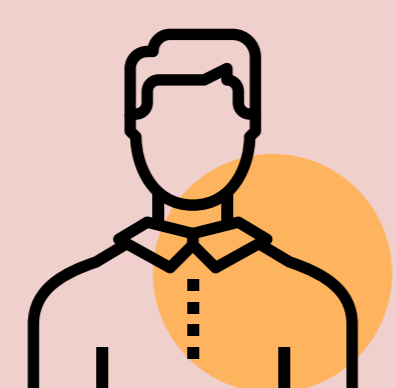
SYSTEM/ NETWORK OPERATIONS

- Phishing fraud, such as identity theft
- Intrusion/cyber attacks, such as malware
- Pharming – redirecting website traffic to another, fake site
- System manipulation, such as redeeming coupons on cancelled orders



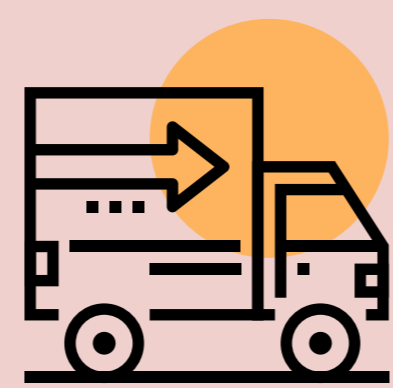
RETURNS AND REFUNDS

- Counterfeit product returns
- Return of used products
- Tampering with product in order to return it
- Charge-back without product return



SELLERS/ VENDORS POSITIONING

- Fake/forged documents for registration
- Ghost vendors fraud
- Impersonation by sellers for buy-back of goods
- Inadequate vendor background checks resulting in third-party fraud risks

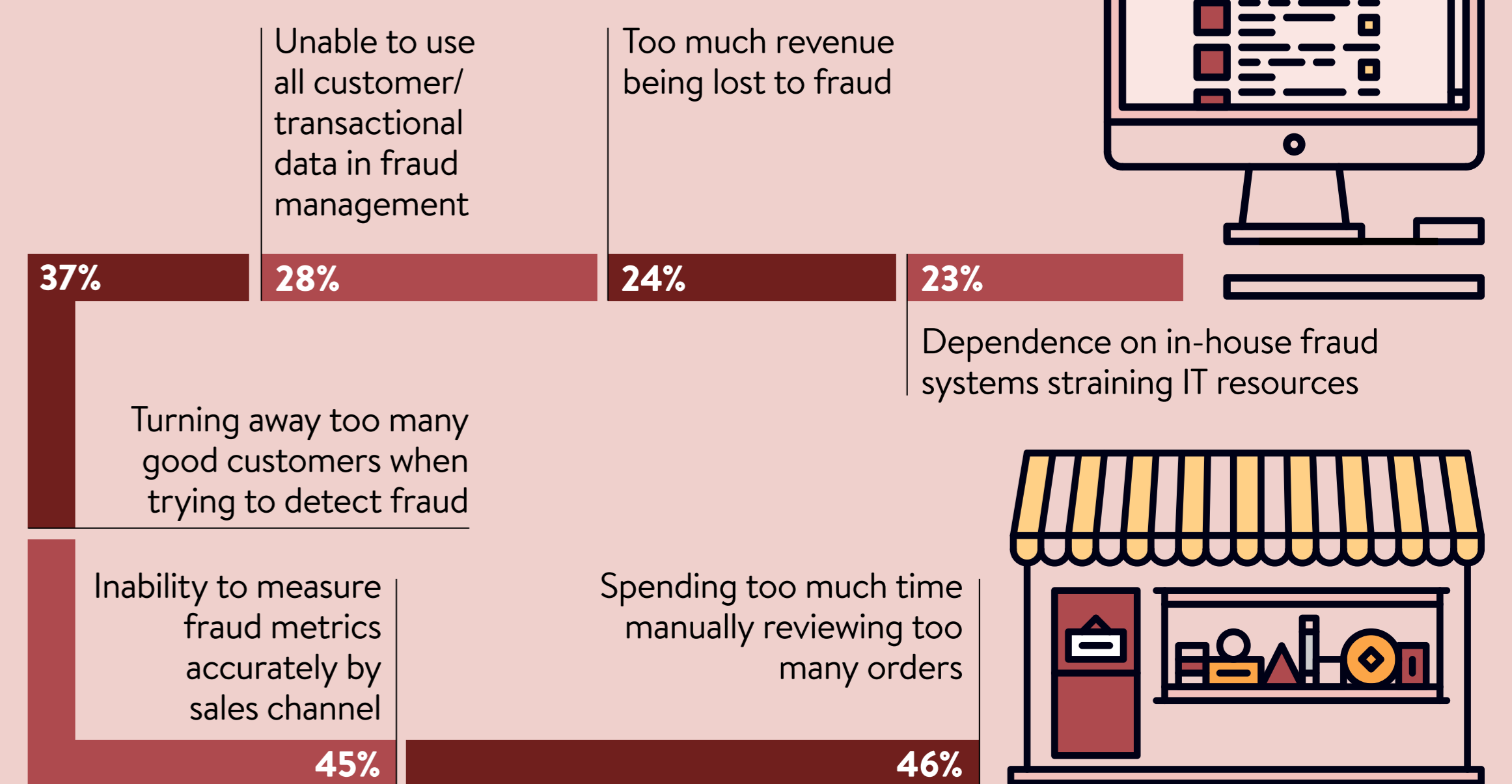


DELIVERY LOGISTICS

- Leakage/misappropriation/ theft of goods from warehouse
- Change of shipping address after order placement to deliver the goods
- Product intentionally misplaced/replaced/not delivered
- Delivery of defective/ counterfeit products

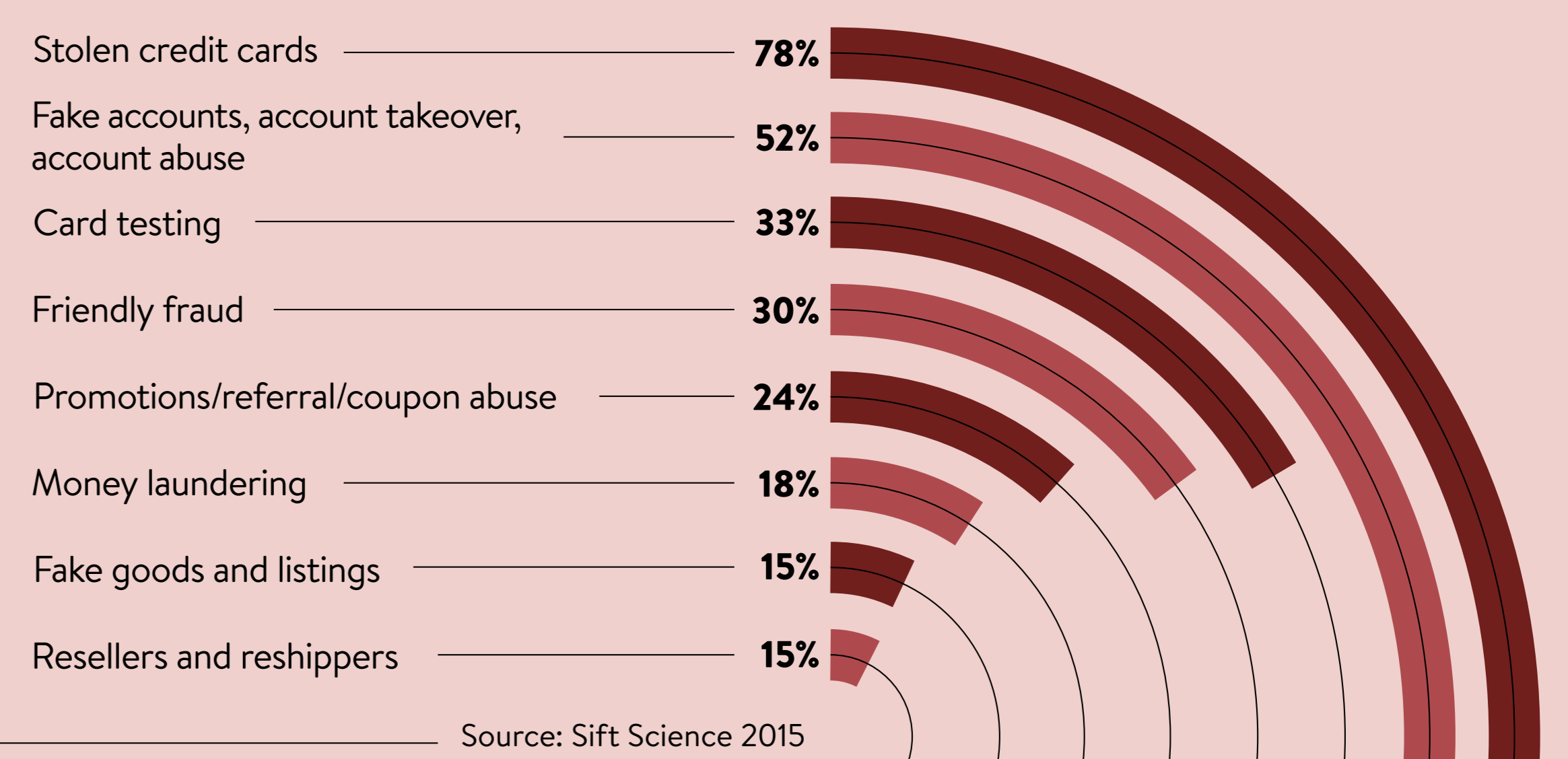
Source: Deloitte 2016

FRAUD CHALLENGES OF GREATEST CONCERN TO UK E-COMMERCE COMPANIES



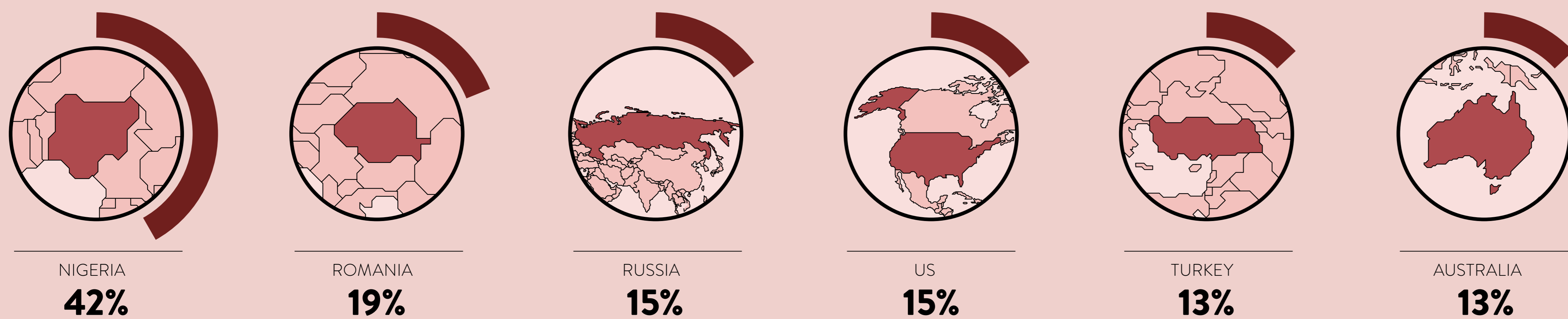
Source: CyberSource 2016

PREVALENCE OF CERTAIN FRAUD TYPES FACING UK E-COMMERCE COMPANIES



Source: Sift Science 2015

TOP COUNTRIES BLOCKED BY UK MERCHANTS DUE TO HIGH FRAUD RATES



Source: CyberSource 2016

ESTIMATED E-COMMERCE FRAUD LOSSES ON UK-ISSUED CARDS, 2006-2015

Source: Financial Fraud Action UK 2016

