

# Fighting on three fronts



Retailers have long been fraud targets – particularly those selling high-value goods that can be easily sold on. Now the fight against retail fraud is becoming ever more complex as the landscape expands and diversifies.

Worldpay therefore conducted research based on interviews with a broad selection of international retailers which exposed a proliferation of fraud challenges for retailers across the world. 3 key trends emerge as risk instigators in today's exciting, but increasingly vulnerable, global marketplace.

## The research revealed:

# 85%

of retailers believe the proliferation of new markets, channels and payment methods presents significant fraud challenges

And only

# 21%

have absolute confidence in their fraud management systems

## 3 Key Trends



### New Markets

As retailers sell to more countries they are struggling to keep ahead of cross-border fraud threats.



### New Channels

Multiple sales channels are fuelling growth but making retail fraud more difficult to identify and prevent.



### New Payment Methods

New payments methods are vital to growing internationally but non-card payment fraud levels are an increasing concern.

## Trend 1 -

### New Markets

# 12

Countries the average retailer is selling to

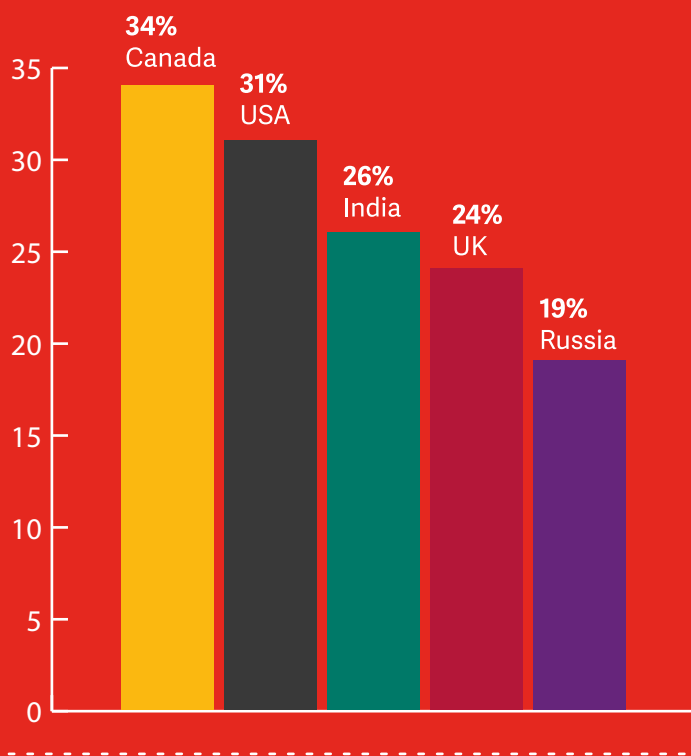
# 76%

Of retailers think fraud levels in particular countries will increase over the next 2 years

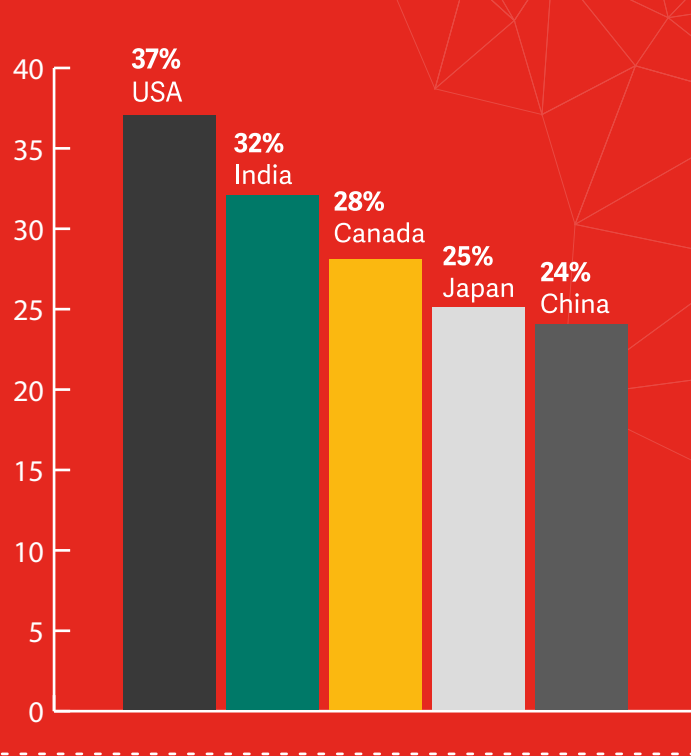
An explosion of growth leading to greater fraud risk

## Perception of fraud varies by geography

Top 5 countries perceived as having the most victims of fraud:



Top 5 countries predicted to have the most victims of fraud in 2-3 years time:



## What concerns retailers about fraud in new markets?

# 62%

worry about the integration of systems across countries

# 50%

have difficulty keeping up with different tools required to fight multi-national fraud

# 50%

feel they lack oversight over all countries

## Trend 2 -

### New Channels

New opportunity brings the need to assess fraud risk across all touch points with the retailer

# 74%

of retailers surveyed are focusing on operating via new channels in the next 2-3 years

# 69%

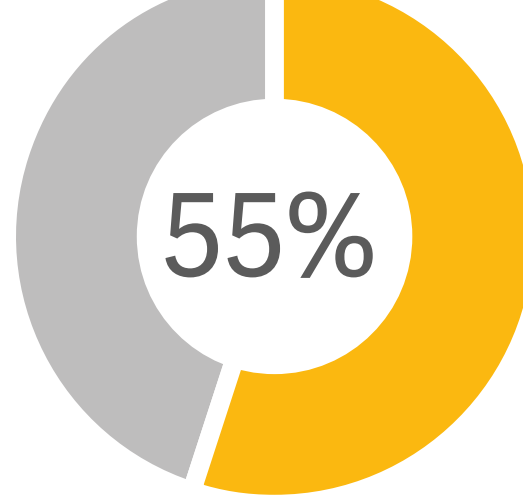
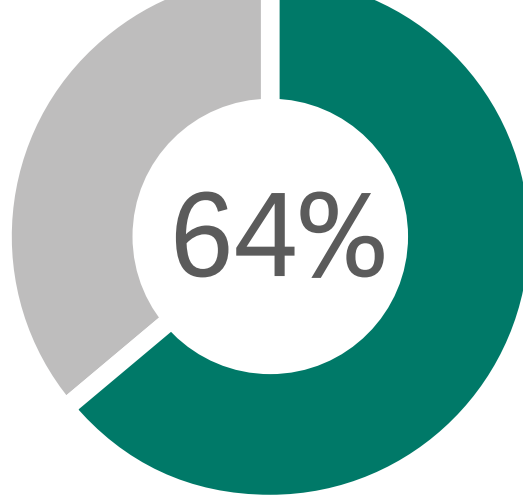
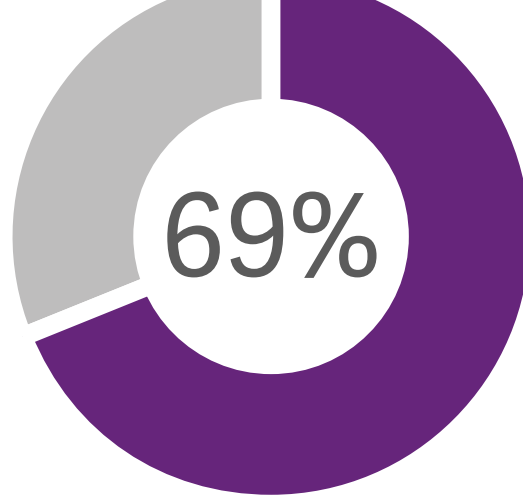
feel multi-channel operations mean greater exposure to fraud

## Channels most prone to fraud, according to retailers

Third Party websites

Retailers' own website

Mobile



## Spotlight on mobile

# 15%

of mobile transactions are currently fraudulent, according to retailers

# 76%

feel mobile fraud is on the increase

### Key mobile risks reported by retailers

- Unsafe network and data connections (57%)
- Malware on mobile devices (54%)
- Consumers losing their devices (44%)
- Spyware on mobile devices (41%)

### Tips for mitigating multi-channel fraud

- Look at transaction data from all available sales channels when assessing fraud risk, to avoid turning down a loyal customer using a new device
- Focus on mobile anti-fraud strategies now as volume processed through this channel gathers pace
- Be alert to atypical shopper behaviour – look at unusual patterns of behaviour across channels, such as adding items to basket via a PC and concluding the purchase on a different device

## Trend 3 -

### New payment types

Retailers increase their customer reach by offering alternative payment methods, but seek help with fraud prevention

# 59%

of all transactions will be made via alternative payments by 2017\*

# 66%

of retailers surveyed struggle to keep ahead of fraud across payment methods

# 84%

believe fraud levels on non-card payment methods will increase in the next 2 years

# 88%

want their risk management solution to cover alternative payment methods

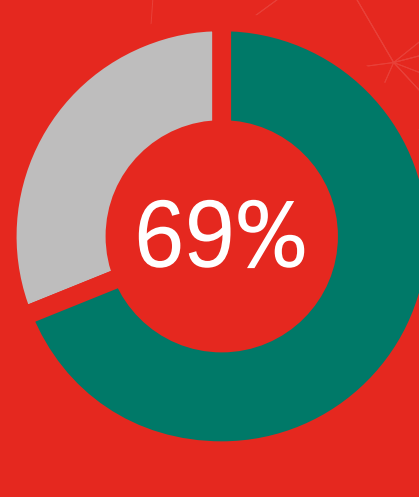
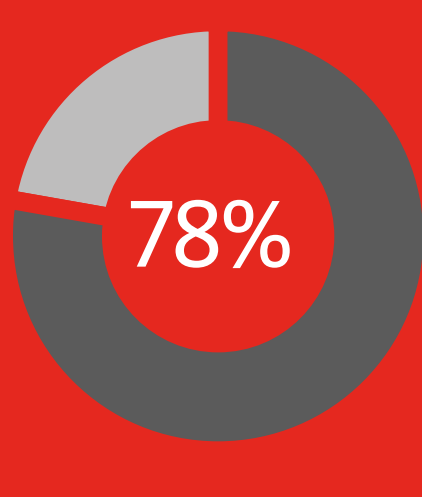
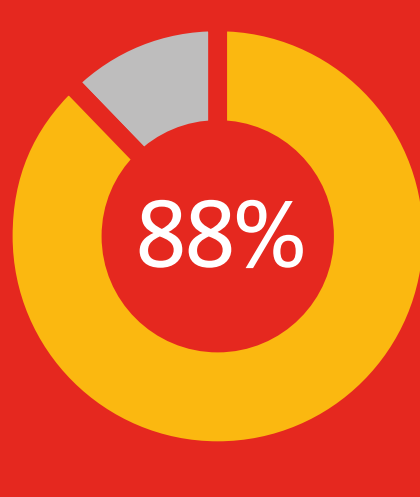
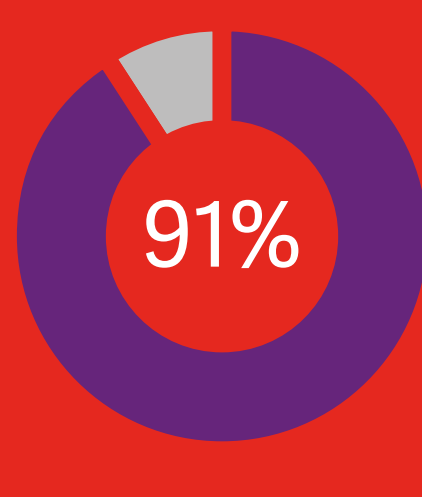
## Concerns for retailers surveyed – alternative payments

Virtual Currencies

Mobile payment methods

Ewallets

Prepaid card (gift card or cash card)



## Overcoming the fragmentation of fraud in retail

Are you expanding into new markets and channels? Or accepting new payment methods? Worldpay's anti-fraud solution RiskGuardian is the answer. Created with our customers, for our customers, RiskGuardian is specifically tailored to meet the needs of the retail sector.

RiskGuardian offers:

- The ability to set different levels of risk by type of goods being purchased, as well as by geography, channel or payment method
- An outsourced managed service to free up internal resources. Our expert retail risk analysts review suspicious transactions before goods are shipped
- Real-time fraud alerts when suspicious activity is detected
- NEW! Library of rules for retail. In one click, benefit from decades of our retail expertise distilled into ready-to-use anti-fraud rules within RiskGuardian

## Talk to us

If you want to know more about RiskGuardian or our global report please go to [worldpay.com/riskguardian](http://worldpay.com/riskguardian)

