

# FRAUD IN GLOBAL B2C E-COMMERCE & ONLINE PAYMENT 2014

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- In addition to reports on markets and competitors, yStats.com also carries out client-specific research.
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# Fraud in Global B2C E-Commerce & Online Payment 2014

## General Information

### Product Details

Language:	English
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Single User License:	€ 950 (excl. VAT)
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### Questions Answered in This Report

- What are the major fraud and security issues in global B2C E-Commerce and online payment?
- How does fear of fraud affect development of online retail, M-Commerce and cross-border E-Commerce?
- What major tools are employed to prevent fraud in online and mobile commerce and payments?
- Who are the providers of E-Commerce fraud management solutions on the worldwide scale?



# Fraud in Global B2C E-Commerce & Online Payment 2014

## Key Findings

### Fraud Fears Hamper Growth of Online Retail

The growth of B2C E-Commerce is affected by fraud, as surveys show that more than a third of consumers worldwide who do not yet shop online state that their fear for personal data breach or lack of trust to online payments is the reason. Distrust is especially high in European countries, while consumers in the USA and China have more confidence in the online purchase process. Generally, consumers trust offline payments more than online, and online payments more than mobile. E-Money payments are highlighted as the most trusted online payment method among consumer groups of all ages, while young adults under 35 have the highest trust rates toward the safety of online and mobile payments.

Another major trend is that fraud follows the consumer movement from shopping on computers to the use of mobile devices. The security concerns of merchants and consumers present a challenge to faster adoption and growth of M-Commerce and mobile payments. Over a third of consumers worldwide do not shop or pay with mobile devices because of security concerns, while over half of merchants consider mobile commerce to be riskier than general E-Commerce. It is widely acknowledged that M-Commerce requires tailored fraud prevention tools, such as ID authentication, secure mobile payment methods and device ID.

Cross-border B2C E-Commerce remains the most frequent focus for E-Commerce fraud. Knowledge of fraud profiles of different countries is an important part of the cross-border marketing strategy, as some nations have a much higher likelihood of fraud than the worldwide average.

Fraud in E-Commerce has spawned the growth of the prevention and detection industry. Fraud solution providers with worldwide reach include companies based primarily in the USA and Europe, including subsidiaries of card companies such as Acertify of American Express, CyberSource of Visa and DataCash of MasterCard. A wave of acquisitions ran through the online fraud prevention industry this year, as large payments and online security providers aimed at expanding their E-Commerce fraud prevention portfolios. Payment service and fraud management provider Ogone was acquired by payments company Ingenico Group, while fraud prevention and risk management company Retail Decisions was acquired by banking and payments solution provider ACI Worldwide. Meanwhile, security and fraud solution companies such as TeleSign and TreatMetrix raised multi-million dollar investments in 2014.



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# Fraud in Global B2C E-Commerce & Online Payment 2014

## Samples

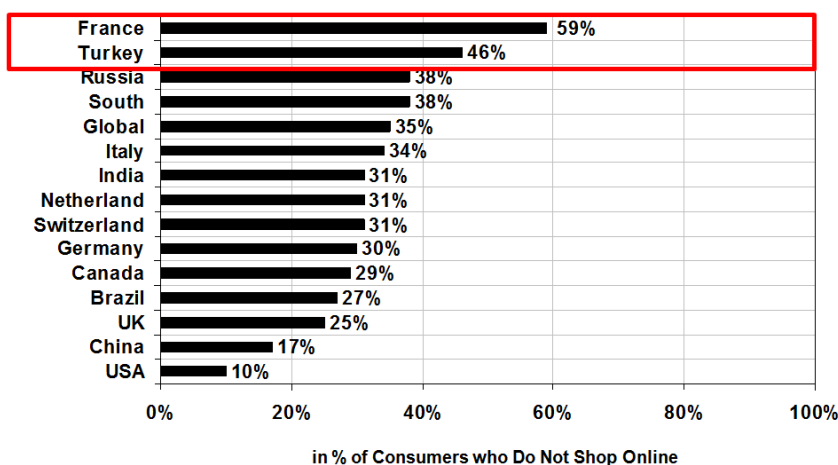


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**The countries with the highest distrust to online payment methods in 2013 were France (59%) and Turkey (46%).**

**Global:** Share of Consumers who Do Not Shop Online Because of Lack of Trust to Online Payment Methods, by Selected Countries, in %, 2013



Survey: based on a survey of 1,234 respondents in 2013  
Source: PwC, February 2014

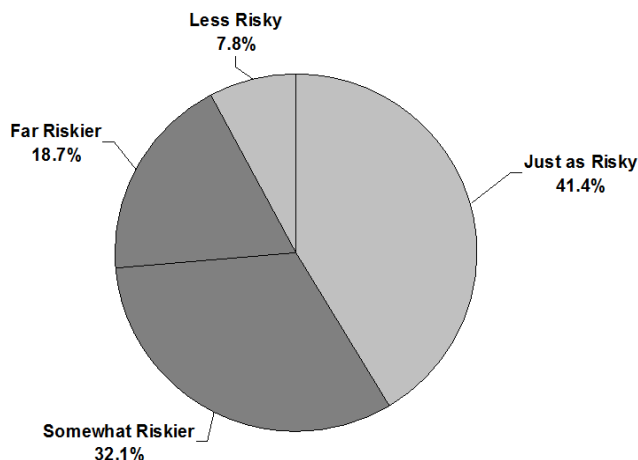


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**50.8% of merchants worldwide perceived M-Commerce to be “somewhat” or “far” riskier than E-Commerce in terms of fraud in 2013.**

**Global:** Breakdown of Perception of Risk of Mobile Fraud, Compared to E-Commerce Fraud, in % of Merchants, 2013



Survey: based on a survey of 2,000 payments and/or fraud specialists worldwide, of whom 57% represented merchants; only responses of merchants were included  
Source: Kount, the Fraud Practice, CardNotPresent.com cited by Pymnts, May 2014





# Fraud in Global B2C E-Commerce & Online Payment 2014

## Methodology

### General Methodology of our Market Reports:

- This report includes the results of secondary market research: By using various sources we ensure maximum objectivity for all obtained data. As a result companies get a precise and unbiased impression of the market situation.
- Cross referencing of data was conducted in order to ensure validity and reliability.
- Besides providing information on the specific topic, every chart contains an Action Title, which summarizes the main statement of the chart and a Sub Title, which gives information about the country, the topic, the unit or currency, and the time period the data on the chart refers to.
- Furthermore, the source of information and its release date are provided on every chart. It is possible that the information included in one chart is derived from several sources. Then, all sources are mentioned on the chart.
- This report also includes rankings. Within these rankings, it is possible that the total amount adds up to more than 100%. If this is the case, multiple answers were possible, and this is then mentioned in the note of the chart.
- If available, additional information about the data collection, for example the time of survey and number of people asked, is provided in the form of a note. In some cases, the note (also) contains additional information needed to fully understand the contents of the respective data.
- When providing information about amounts of money, local currencies were mostly used. When referencing them in the Action Title, the EUR values are also provided in brackets. The conversions are always made using the average currency exchange rate for the respective time period. Should the currency figure be in the future, the average exchange rate of the past 12 months is used.
- This report begins with a Management Summary, summarizing the main information provided in each chapter.
- This report includes mainly data from the last 12 months. The exact publication dates are mentioned in every chart.

### Methodology for our Fraud in Global B2C E-Commerce & Online Payment Snapshot:

- The focus of this report is on fraud and security issues concerning B2C E-Commerce, M-Commerce, online and mobile payments worldwide.
- The first chapter covers global development. The information presented includes fraud and security trends in B2C E-Commerce, M-Commerce and Cross-Border B2C E-Commerce. The rates of concern about security of payments and personal data shown by online shoppers and online merchants are provided, including on global level and through country comparisons. Information about selected methods of protection against E-Commerce fraud was provided, such as usage rates by merchants. Furthermore, an overview of E-Commerce fraud detection companies with global reach was included, featuring general company description and summary of available services.
- The following chapters present information on regional and country basis. These chapters are intended to give local insights and provide examples of the trends described in the global chapter. The regions are ranked by the value of B2C E-Commerce sales. In each chapter, regional information is shown first, while country-level information follows. The countries are displayed in the order of descending B2C E-Commerce market size.



# Fraud in Global B2C E-Commerce & Online Payment 2014

## Frequently Asked Questions

### WHAT IS THE TARGET AUDIENCE FOR THE MARKET REPORTS?

The target group of our B2C E-Commerce reports are decision makers in top-management, for example from the departments E-Commerce, Business Development, Strategy, Marketing, etc. from large corporations worldwide.

### WHAT TYPE OF RESEARCHERS ARE FINDING THE INFORMATION FOR OUR MARKET REPORTS?

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The reports are all based on reliable sources including national and international statistical offices, industry and trade associations, business reports, business and company databases, journals, company registries, news portals and many other sources.

### WHAT TYPE OF ANALYSTS ARE WRITING THE MARKET REPORTS?

After the information is researched, it is further analyzed by our international team of research analysts. These analysts have a long experience in the field of E-Commerce research, and they understand the specifications of the market.

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Due to the fact that the information included in the market reports is derived from different sources, some information is not comparable across countries. Different sources mostly have different definitions.

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## Selected References

### Internet, Consulting, Retail, Finance and Other Companies

#### Internet

- Google
- Amazon
- eBay
- Avira
- Skype
- Digital River
- First Data
- Citrix Online
- Wirecard
- 1 & 1
- Skrill / Moneybookers
- Deutsche Telekom
- CyberSource
- bwin Interactive Entertainment
- Brightcove

#### Consulting

- Boston Consulting Group
- Deloitte
- Bain & Company
- Accenture

#### Retail

- OTTO Group
- Costco
- Tchibo Direct
- Diesel

#### Finance

- Goldman Sachs
- Credit Suisse
- Morgan Stanley
- Bank of America Merrill Lynch
- Citigroup
- Oppenheimer & Co.

#### Other

- Red Bull
- BASF
- Lego
- Beiersdorf
- Xerox



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## Selected Published Reports

Report	Publication Date	Price (excl. VAT)*
Eastern Europe B2C E-Commerce Market 2014	October 2014	€ 2,950
The World's Leading E-Commerce Companies 2014	October 2014	€ 450
Russia B2C E-Commerce Market 2014	October 2014	€ 950
Global B2C E-Commerce Market 2014	October 2014	€ 6,450
Global B2C E-Commerce & Online Payment Market 2014	October 2014	€ 7,450
Global Luxury B2C E-Commerce Snapshot 2014	August 2014	€ 950
Australia & New Zealand B2C E-Commerce Market 2014	August 2014	€ 1,450
Asia-Pacific B2C E-Commerce Market 2014	August 2014	€ 5,450
South East Asia B2C E-Commerce Market 2014	July 2014	€ 3,450
India B2C E-Commerce Market 2014	July 2014	€ 950
Malaysia B2C E-Commerce Market 2014	July 2014	€ 950
China B2C E-Commerce Market 2014	June 2014	€ 1,450
Indonesia B2C E-Commerce Market 2014	June 2014	€ 950
Vietnam B2C E-Commerce Market 2014	June 2014	€ 950
Turkey B2C E-Commerce Market 2014	January 2014	€ 1,450
Middle East B2C E-Commerce Report 2014	January 2014	€ 2,450
Global Online Payment Methods: First Half 2014	May 2014	€ 3,450
Global B2C E-Commerce Delivery 2014	May 2014	€ 3,950
Global M-Commerce 2014: Smartphones & Tablets	March 2014	€ 3,450
Global Cross-Border B2C E-Commerce 2014	April 2014	€ 3,450
Global Clothing B2C E-Commerce Report 2013	July 2013	€ 3,950
Africa B2C E-Commerce Report 2013	December 2013	€ 2,450
Europe B2C E-Commerce Report 2013	September 2013	€ 3,950
Latin America B2C E-Commerce Report 2013	November 2013	€ 2,450

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## Future Reports

Report	Planned Date	Price (excl. VAT)
Global Online Payment: Second Half 2014	Second Half 2014	To be announced
Latin America B2C E-Commerce Market 2014	Second Half 2014	To be announced
Mexico B2C E-Commerce Market 2014	Second Half 2014	To be announced
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# Fraud in Global B2C E-Commerce & Online Payment 2014

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  - 3.5 All payments shall be due and payable within thirty (30) days following the date of our invoice without any deductions. The customer will be in default one day after the expiry date without any further warning notice being required.
  - 3.6 All customers' rights of retention or set-off are hereby excluded to the extent that they are not based on the same contractual relationship. Retentions or set-offs are allowed only if the customer's claim is undisputed or has become unappealable.
  - 3.7 In the event of a customer's default in payment or other apparent credit unworthiness, all remaining claims against that customer shall become immediately due and payable in full. We shall then be entitled to rescind payment terms previously agreed upon and to demand payment in advance or other appropriate security with respect to pending deliveries. A customer shall be deemed unworthy of credit in particular when he files a petition in bankruptcy or composition proceedings.
- 4. INTELLECTUAL PROPERTY RIGHTS AND INDEMNITIES**
  - 4.1 All copyrights and other intellectual property rights in connection with our Products remain with us. All data carriers remain our property. The customer may not modify, publish, transmit, transfer or sell, reproduce, create derivative works from, distribute, perform, display, or in any way exploit any of the Products made available by us, in whole or in part, except as expressly permitted under the Contract.
  - 4.2 Upon delivery of the Products to the customer and payment of the agreed fee, the customer obtains a non-exclusive, non-transferable, perpetual, worldwide right to use the Products provided to the customer for its internal purposes or any additional purposes set out in the Order Form. A right to resell our Products requires our prior written approval.
  - 4.3 In the event that the parties agree on a "Single User License" under the Order Form, this means that only one individually named user of an organization shall be entitled to access the report. In the event that the parties agree on a "Site License" under the Order Form, this means that all users within a given geographical location (as specified in the Order Form) of an organization shall be entitled to access the report. In the event that the parties agree on a "Global Site License", this means that all worldwide users of an organization shall be
- entitled to access the report. In both cases, the term "organization" refers to the company of the specific customer only and excludes any third parties including affiliates.
- 4.4 We must expressly be named as the author of any data the customer processes further as contractually negotiated.
- 5. TECHNICAL INFORMATION**
  - 5.1 We shall provide our Products in standardized data formats.
  - 5.2 The customer must ensure that he has the corresponding technical resources to make use of these data. The customer may not derive any claims in this connection on grounds of breach of obligation.
- 6. DEFECTS AS TO QUALITY**
  - 6.1 No claims for defects as to quality are triggered by insignificant discrepancies between our products and services and the warranted quality or fitness for use.
  - 6.2 Likewise, no claims for defects as to quality may be derived from entrepreneurial risks - e.g., with regard to questions of entrepreneurial discretion, an erroneous assessment of the market situation or the failure to recognize a business action's merit.
  - 6.3 Defect-based claims are further excluded in cases of excessive or improper use or in connection with damages caused by extraordinary conditions not reflected in the Order Form. This is also true in cases of subsequent changes made by the customers or third parties unless such changes do not affect the analysis and removal of a given defect.
  - 6.4 Claims for defects as to quality expire within one year from the commencement of the legal statute of limitation. This limitation does not apply to the extent that applicable law stipulates a longer period in cases of intentional or grossly negligent breaches of duty on the part of us, fraudulent concealment of a defect and injuries to life, body and health.
- 6.5 Claims for damages and the reimbursement of expenditures are further subject to Section 8.
- 7. LEGAL DEFECTS**
  - 7.1 We are liable for products and services infringing on third-party rights only if and to the extent that our products and services are used in accordance with the agreed contractual requirements.
  - 7.2 Unless agreed otherwise, our liability for the infringement on third-party rights is limited to the territory of the European Union and the European Economic Area as well as the place of its services' proper use as agreed under the applicable Order.
  - 7.3 In the event that a third party asserts claims against the customer, alleging that a service performed by us violates its rights, the customer shall promptly notify us. If a service rendered by us violates third-party rights, we shall choose one of the below actions, duly taking into consideration the customer's interests:
    - a) procuring for the customer the right to use the service;
    - b) revising the service to render it free of legal violations; or
    - c) withdrawing the service and refunding to the customer any related compensation paid, as adjusted by an adequate user fee, if we cannot effect another remedy at a reasonable expense.
  - 7.4 Upon our request, the Customer shall assist us with the defense against claims according to this section 7, with us reimbursing the Customer for any expenditures and costs incurred as a result, although each of the Parties bears the costs of the use of its own personnel.
  - 7.5 Claims the Customer may hold for legal defects expire in accordance with Section 6.4.
  - 7.6 Claims for damages and the reimbursement of expenditures are further subject to Section 8.
- 8. LIABILITY**
  - 8.1 In cases of intentional misconduct and gross negligence, we are fully liable pursuant to applicable law.
  - 8.2 Our liability in cases of simple negligence is limited as follows: we are liable only if and to the extent that we violated a material contractual obligation (cardinal obligation) - i.e., an obligation that (i) the Customer reasonably relied upon at execution of the applicable Order Form and (ii) was of critical significance to the outcome of performance. As regards property damage and financial loss, such liability is limited to typical and foreseeable damages; in no event will we be liable for any incidental, special, punitive or consequential damages, loss of profits or loss of data in such case.
  - 8.3 Our liability for damages under warranties (Beschaffenheitsgarantien) is limited to instances in which the warranty expressly includes such liability.
  - 8.4 Claims for the reimbursement of expenditures and other liability claims asserted by the Customer against us are subject to sections 8.1 through 8.3.
- 9. CONFIDENTIALITY**
  - 9.1 The Parties shall hold in strict confidence for an indefinite period of time all data and information materials of which they gain knowledge as part of a Contract, be it orally, in writing or otherwise, directly or indirectly, provided that such data or information materials are designated confidential or must be considered confidential based on their nature, and shall use them exclusively as part of the services covered by the relevant Order. This duty of confidentiality excludes data and information materials that:
    - a) were already known or accessible to any third party at the time of disclosure;
    - b) one of the parties legitimately receives from a third party following disclosure, and such third party is not bound by a duty of confidentiality in relations with the other Party;
    - c) must be disclosed by order of and to a government agency or another competent third party; and
    - d) must be disclosed to legal or tax advisors of the contractual customer in question for consulting purposes.
 In the cases of Sections c) and d), the parties shall (i) promptly inform each other about a given request and prior to disclosing confidential information, and (ii) limit the disclosure of confidential information to the minimum required.
  - 9.2 We may use the Customer as a reference so long as no contractual details are divulged.
- 10. JURISDICTION, GOVERNING LAW, MISCELLANEOUS**
  - 10.1 Place of payment is Hamburg, Germany.
  - 10.2 All disputes arising from or in connection with any Contract between the parties shall be resolved through the courts of Hamburg. Governing law is German law.