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Take Care When Fighting Mobile Commerce Fraud



Can you strengthen your defense without making a mess of customer experience? That's a question retailers of every size are asking.



Digital sets a high bar

Digital channels can deliver seamless and personalized customer engagement in a way that brick and mortar can't. People have come to expect that mobile commerce means "instantly, in a click." So it's no surprise that in our 2019 True Cost of Fraud™ Study of e-commerce retailers, "balancing fraud prevention with customer friction" was cited as a top challenge for those selling digital goods.

Every \$1 of theft is actually a loss of \$3.13 when you include all the associated costs of fraud.

Criminals are getting more clever. Real customers pay the price.

The rise of synthetic identities and automated botnet attacks makes it extremely difficult to verify the identity of "real" customers and authenticate repeat visits. You have to catch the fraudsters without alienating the desired consumers. It takes finesse, because going about it the wrong way could result in declining a legitimate customer—and losing much more than that one transaction. A good customer that's either denied or forced to go through too many security steps will take their business—and their lifetime value of future purchases—to another retailer that provides effortless m-commerce capabilities.

No doubt your bottom line takes a hit when criminals slip through your digital doors. But the impact on customer relationships is immeasurable. Fighting fraud requires a careful balance between risk prevention and customer experience.

Consider the following as you refine your strategy:

The value of the transaction. Is it a \$10 fraud risk or a \$10,000 one? Modulate the friction with the projected risk, then apply solutions accordingly.

Consumers are dynamic; your rules should be too. Historically, rules have been static comparing one consumer's behavior to another. This ignores the fact that Consumer A may be a frequent traveler but Consumer B may remain in a certain region. Applying the same rules dismisses the true behaviors of these respective consumers. It's imperative that you establish a dynamic rule set at the consumer level based on their behavioral trends.

Digital strategies. New digital channels bring unexpected challenges. Traditional risk mitigation solutions may not detect everything. Layer physical and digital identity data and analysis to get the full view of the consumer.

Embrace digital—but know the risks.

Learn more about the increase in fraud attempts and associated costs in the LexisNexis® Risk Solutions 2019 True Cost of Fraud™ Study: E-Commerce/Retail Edition.

For more information, call 800.869.0751 or visit risk.lexisnexis.com/risk/retail



About LexisNexis Risk Solutions

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