The volume and cost of fraud are higher among mid / large* eCommerce merchants

5X more monthly fraud attempts than small eCommerce merchants.

Chargebacks, fees and replacing stolen goods makes every $1 of fraud losses actually cost $3.37 compared to $2.38 for small eCommerce.

Fraud cost as a % of revenues is 2.71% compared with 1.82% for small eCommerce.

Mid / large eCommerce is more likely to sell digital goods internationally, which increases susceptibility to fraud, especially identity fraud

Nearly 2/3 (63%) sell digital goods.

International fraud accounts for almost half (46%) of fraud losses.

Identity fraud is the biggest area of concern representing 42% of fraud losses on average.

But mid / large eCommerce merchants address their vulnerabilities by spending on fraud mitigation solutions

80% track fraud costs by channel.

76% track successful fraud by channel.

84% use risk mitigation solutions (average 6.4 solutions).

82% use an automated flagging system.

However, their top challenges suggest they are not effectively layering these solutions

56% use Address Verification Services yet up to 48% rank address verification as a top ranked challenge.

Up to 48% rank ID verification as a top challenge despite up to 44% using an Advanced Identity Solution.

46% of automatically flagged transactions are sent for manual reviews.

False positives account for 23% of declined transactions.

LexisNexis® Risk Solutions can help

The 2017 True Cost of Fraud™ findings show that eCommerce merchants using a multi-layered solution approach of:

Transaction Risk Scoring + ID Authentication + ID Verification showed using more layered solutions...

...reduced false positives**

...lowered actual cost for every $1 of fraud losses**

...lowered fraud costs as a % of revenues**

24% 12% $2.38 $4.64 1.93% 2.72%

*Mid/large eCommerce merchants are defined as those which generate $10M+ revenues annually, with 80% or more of these revenues from remote (online, mobile) channels. **Based on 2017 True Cost of Fraud™ survey respondents; results can differ for other eCommerce merchants based on various other factors and are not a prediction or promise of the same outcomes.

This research covers consumer-facing fraud methods and does not include information on insider fraud or employee theft. This 2017 LexisNexis® True Cost of Fraud Study™ was conducted for LexisNexis by KS&R. It establishes the cost of fraud through different payment channels. LexisNexis and the Knowledge Burst logo are registered trademarks of RELX Inc. True Cost of Fraud is a service mark of LexisNexis Risk Solutions Inc.

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