

Cost of e-commerce fraud to exceed \$48bn in 2023 - BNPL poses major risk

The total cost of e-commerce fraud to merchants is expected to exceed \$48bn globally in 2023, driven by the increasing use of alternative payment methods, such as digital wallets and 'buy now pay later' (BNPL), which are creating new fraud risks.



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This is according to a new study from Juniper Research titled *Online Payment Fraud: Market Forecasts, Emerging Threats & Segment Analysis 2022-2027*. The report recommended that fraud prevention vendors focus on building platforms providing AI-powered risk-based scoring, which can be payment method agnostic, to best suit changing market conditions.

Online payment fraud includes losses across the sales of digital goods, physical goods, money transfer transactions and banking, as well as purchases like airline ticketing. Fraudster attacks can include phishing, business email compromises and socially engineered fraud.



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The research identified North America as having the largest fraudulent transaction value of any regional market, accounting for over 42% of global fraud by value in 2023, despite representing less than 7% of banked individuals globally. The research cited the vast volume of data breaches and the broad availability of stolen credit card information as the key risk factors in this market.

Research author Nick Maynard explained: "To combat this fraud, eCommerce merchants must implement simple steps such as address verification, combined with risk-based scoring on transactions, which will allow merchants to best mitigate the massive fraud threats present."

BNPL fraud a significant risk

Additionally, the research found that the potential of fraud with BNPL is a major risk going forward. Given the delayed nature of BNPL payments, fraudsters can make several illegitimate payments using stolen card details before the fraudulent activity is identified, creating significant risk.

In turn, the research recommended that BNPL vendors conduct robust identity verification at the point of onboarding to mitigate these risks.

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