

Protecting Your Business Online



Businesses use a variety of online security measures and fraud detection software packages to protect themselves from fraud and online crime.

Imagine you are starting an online business. Your website is going to sell your product and take payments from your customers, but how are you going to make sure you get your money and your customers details are kept safe?

1. Considering the methods of payment available, which do you think have the best security features and benefits for an online business? Write down and explain your answer.

2. Consider the process of making payments from a customer perspective.

Nearly 68% of all online shopping carts are abandoned, which is losing businesses over £20 billion a year. A proportion of these lost sales are due to problems with payment mechanisms and customers getting frustrated with the number of steps required to complete a purchase – or forgetting their security passwords.



Looking again at various methods of payment, which methods do you think are easiest for a customer to use? Write down and explain your answer.

3. Some customers abandon an online purchase if they feel the site is not secure and their details are in danger of being stolen. How would you reassure customers that your site is secure?

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4. Now, have you got an appetite for risk? A business with a low appetite for risk adopts all the security features and fraud detection software available, meaning that the business suffers very little fraud. This seems like a sensible approach, but it could be losing the business genuine customers who give up when payment becomes a long process – or because their transactions are being rejected by your security measures.

What level of risk are you willing to accept? This will probably depend on the product you're selling and who your customers are.

Suggest three different types of business who may have a low or high-risk appetite.

Low-risk appetite	High-risk appetite

5. You set up your online business with a secure payment mechanism, but you still need to be on the look out for fraud. Discuss why the following might be suspicious and why they might be genuine:

	Reasons to be suspicious	Reasons not to be suspicious
Very high volume / high value orders		
Orders received late at night		
Orders from countries known to have very active online fraudsters		
Delivery address not matching the billing address		
ISP address not in the same area as the record of the customer's address		
Free, web-based, e-mail addresses such as @hotmail.com, @yahoo.com etc.		

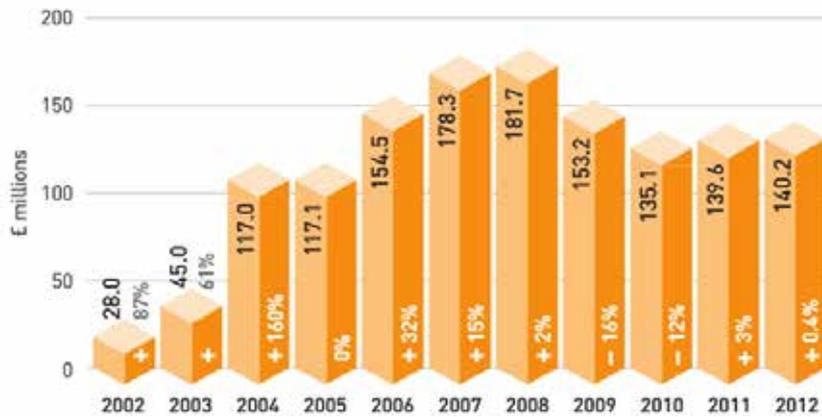
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6. Worldwide, fraud costs the UK economy an estimated £73billion in 2012. The graph below shows the cost to UK issued cards used over the internet, which is only one type of fraud.

Internet/e-commerce fraud losses on UK-based issued cards 2002-2012

Figures in white show percentage change in previous year's total. All figures estimated.



- a) In which year did online e-commerce fraud in the UK increase the most? _____
- b) Why do you think the cost of internet fraud continues to grow? _____
7. What would your online business do to educate customers about protecting themselves against fraud when shopping online?

8. How does online shopping differ to shopping in a store?

9. How can online businesses protect themselves against fraud?

10. If you started an online business, what would you do?

