**Title**

Escalating e-commerce fraud: The urgent crisis merchants face globally

**Body**

In the last twelve months, merchants have seen a huge leap in online payment fraud (up 59%), account takeover (up 51%), promotion abuse (up 52%), refund abuse (up 53%) and customer fraud / friendly fraud (up 40%).

Merchants are now throwing more and more money at the crisis and expanding fraud teams in a bid to mitigate losses.

In the UK over half (58%) of online businesses polled plan to grow their fraud teams in the next 12 months. In other parts of the world, the trend is even more pronounced. Eighty percent of merchants in Germany, 72% in the US and 86% in Australia expect teams to grow in size, Ravelin has found.

New approaches are urgently needed to fight fraud and minimise losses.

But when it comes to tools for tackling fraud most businesses (78%) opt for in-house solutions, which are expensive to maintain and quickly become unsustainable as a business grows. In the UK the figure is 80% while in France it’s 81% and in Germany 77%.

Ravelin CEO, Martin Sweeney, said: “Over the years merchants have built up fraud investigation teams which they’re justifiably proud of. But fraud continues to grow and mutate, simply throwing more people and money at the problem won’t make it go away. Losses will continue to grow.

“Businesses need to get on the front foot managing fraud: using automation to nip fraudulent transactions in the bud. Better automation helps teams scale and frees up fraud investigators from mundane tasks enabling them to focus on informing product development, identifying other sources of profit erosion and other more important strategic tasks that drive growth. With the economy in an uncertain place, enabling growth must become the priority.”

*Ravelin’s Global Fraud Trends 2023* survey also examines the most effective tools for fighting fraud.

Machine learning and two-factor authentication (2FA) are being adopted more regularly by e-commerce businesses to help with the issue. Almost half (48%) of UK businesses say ML is one of the most effective tools in their arsenal. Three-quarters (75%) of UK merchants say 2FA is crucial.

From feedback across regions, the survey found that there isn’t a singular ‘one and done’ fraud strategy that’s most effective. Different solutions are effective at fighting different frauds and having a robust tool stack allows teams to consider the complex nature of fraud.

The survey, which spoke to 1,900 global fraud professionals, also examines the increase of ‘newer’ types of fraud which are prevalent globally. Policy abuse is experienced by 40% of businesses spoken to. The UK has the biggest problem with this type of ‘friendly fraud’ with over half (52%) of merchants experiencing it.

Reseller and bot activity sits at 53% globally whereas ‘fraud as a service’ schemes were an issue for 56% of those spoken to. Social engineering via customer services was experienced by 45% of the companies who took part in the survey.