



**MOST BUSINESS LEADERS UNDERSTAND THE THREAT OF FRAUD TO THEIR ORGANIZATION, BUT HOW MANY COMPREHEND THE TOTAL COST OF FRAUD (TCOF) AND HOW IT AFFECTS THEIR BALANCE SHEETS?**

Fraud can affect so many different areas of a business. Industry research from LexisNexis Risk Solutions, “2019 True Cost of Fraud Study: eCommerce/Retail Edition,” explains, **for every dollar of fraud committed in the United States, retailers incur \$3.13 of costs. That is an increase of 6.5% from 2018.**

According to the LexisNexis Fraud Multiplier, the total amount of losses to a merchant incurs based on the actual dollar value of a fraudulent transaction. Fraud costs encompass dispute costs, fees, merchandise redistribution, labor, legal prosecution, and IT/software security.

**The increase in mobile shopping is contributing to the growth of fraud in the industry.** Key Challenges retailers face with mobile commerce:

- Verifying the identities of cardholders
- Determining the source of the transaction when conducting international transactions
- Differentiating between real customers and bots
- Finding an acceptable balance between preventing fraud and creating too much friction for consumers.

47% of the organizations in the survey had experienced fraud in the last 6 months. The most common types of fraud were customer 1. Customer fraud, 2. Cyber-crime, 3. Asset misappropriation. There was an even split of fraud committed by internal and external actors. **The total cost of these frauds was \$42 billion in 2019.**

Fortaris Capital Advisors helps create a Payment Fraud Detection Strategy to maximize profits or revenue while reducing fraud exposure and minimize the total cost of fraud to your business. Contact us for a consultation.