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8 Tips to Grow International Sales Without Increasing Fraud

By **Rafael Lourenco**, EVP at **ClearSale**

It's no surprise e-commerce merchants are eager to expand internationally. After all, reaching an international audience can help increase sales by up to 15%, according to DHL.

But while going global can bring a potential increase in profit, it also brings risks and challenges. This can include navigating different legal regulations and requirements, building new vendor relationships, and finding the right growth markets.

Going global will also expose your business to savvy fraudsters who are ready, willing and able to take advantage of merchants who are new to the international arena. This happens more often than many merchants realize: International e-commerce fraud occurs a whopping 2.5 times more frequently than domestic fraud.

As you consider expanding into international markets, it's important to understand how to evaluate the risks and how to implement the strategies that will help protect your business from e-commerce fraud.

1. Understand Each Country's Risk Factors

Even in high-risk countries, not every transaction will be fraudulent. If you adopt a fraud strategy that is too stringent, you'll end up declining many transactions that were in fact legitimate – which means you'd be leaving good money on the table.

Each country has what experts call a "fraud triangle" – a unique combination of demographic, economic, and societal factors, each of which play a role in determining the overall fraud risk for that country. Take the time to think about this fraud triangle for each country you're considering selling into, so you can better understand the overarching risk of the transactions you'll be processing.

2. Create Sets of Fraud Rules for Each Country

Within your existing fraud prevention solution, create a channel for each country you're selling to. Set different values and thresholds for each country, which will enable you to finetune your fraud prevention process without impacting incoming orders from your existing markets. Each time you expand into a new country, you can simply adjust the fraud filters according to the risk profile of that market.

3. Remove AVS

When you're selling into the U.S., Canada, or the U.K., address verification systems (AVS) are a great tool to validate orders. However, standard AVS typically doesn't work outside of those three countries.

This is because not all banks in other countries implement AVS, and also because postal codes in different countries vary in format.

However, if you disable AVS on international transactions, you'll need to consult with your fraud protection vendor to make sure you have an alternate method for confirming the identity of your international customers.

4. Offer Social Media Logins

More and more retailers are offering customers the option to create shopping accounts using their social media logins, like Facebook or Instagram. Not only does this reduce customer friction when creating accounts, it also helps increase account security for you.

You can use these social media logins to verify shoppers' identities, which can help increase your confidence level that customers are who they say they are.

5. Compare Billing and Shipping Addresses

Another effective way to sniff out potential fraud is to compare a customer's billing and shipping addresses. This is true when selling into any country, not just internationally. For example, if a customer's billing address is in the U.S. but is shipping an order to a high-risk country like Mexico, this could be a red flag signaling possible fraud.

You may want to investigate transactions with address discrepancies further, for example, by calling the customer directly to confirm the transaction is legitimate.

6. Implement Identity Verification Tools

When engaging in cross-border sales, you want to make sure that humans — not bots — are placing each order. Integrating identity verification tools into your website can help you verify this.

Typically, an identity verification tool requires the customer to correctly respond to a challenge, such as typing the letters of a distorted image or solving a simple math equation, before they can proceed with their purchase.

However, it's important to point out that while this can be effective in identifying if a user is human, it also adds friction to the checkout experience, especially for those with physical or cognitive impairments. You'll need to weigh the pros and cons of identify verification to decide if it's worthwhile for your business.

7. Be Wary of Freight Forwarders

International shipping costs can be expensive. You might be tempted to use a freight forwarder to help cut down on these costs. However, be careful. Not all freight forwarders are reputable, and some have even been known to hold merchandise for ransom.

If you do choose to use a freight forwarder, verify their legitimacy, first. For example, check to make sure they have authentic social media pages and websites, active blogs, and global partner listings.

8. Hire a Fraud Prevention Team

One of the most effective strategies you can use to successfully distinguish between fraudulent and legitimate transactions is to hire a proven e-commerce fraud prevention partner. Best-of-breed fraud solutions rely on a combination of the latest technology and data analysis tools plus expert fraud detection teams to screen your incoming purchases. By outsourcing this task to a team whose sole responsibility is to evaluate your transactions for fraud, you can safeguard your new international revenue and instead focus on building great relationships with customers all over the world.

Whether you're actively expanding into high-risk countries or simply considering dipping your toes into international sales, implementing just a few smart strategies is all it takes to help ensure smart, safe growth.

Author:

Rafael Lourenco is Executive Vice President and Partner at ClearSale, a card-not-present fraud prevention operation that helps retailers increase sales and eliminate chargebacks before they happen. The company's proprietary technology and in-house staff of seasoned analysts provide an end-to-end outsourced fraud detection solution for online retailers to achieve industry-high approval rates while virtually eliminating false positives. Follow on twitter at @ClearSaleUS or visit www.clear.sale.