

Taking your business online?

 By Brendon Williamson

20 Mar 2014

Here are six risk assessment questions you need to ask.

Launching an online business or taking an existing business online requires a new set of skills for anyone who is used to a more traditional bricks-and-mortar retail environment. There are new ways to market, deliver your product and ensure you don't become the victim of thieves or fraudsters.

Whether you are an experienced online retailer or a relative novice, these are the questions you need to ask and answer to protect yourself from online fraud that could result in product loss or chargebacks.

1. Is my product physical or virtual?

Delivering a physical object - a book, a camera or a piece of jewellery - carries different risks from delivering a virtual product like music, software or airtime. Only when you understand the risks properly will you be able to develop effective protection. When there's a physical product to deliver, you have more time and opportunities to check that your buyers are who they say they are.

2. How easy is my product to resell?

The easier it is to resell, the more tempting a target you will be. Electronic goods are among the most risky. They're in great demand and their value is high, so they're lucrative and quick for a fraudster to sell on, before you even discover that they were bought with a stolen credit card. Things with lower value or more limited appeal are less vulnerable - it's harder to sell on a book, pot or an artwork.

3. How quickly is my product dispersed?

Fraudsters are attracted to products that are delivered quickly. Airtime, for example, is delivered in seconds, can be easily sold and is in high demand. Someone who buys it with stolen money can afford to sell it below market value, which makes it even easier to get rid of. Gift vouchers suffer from similar vulnerabilities.

4. Is my product easily transferable?

Is your product tied to a particular identity such as a name, an address, an ID number or a cellphone number? If not, as with the example of airtime above, it can easily be transferred from one person to another, and is another tempting target.

5. How well can I know my customer?

If you add anonymity of the buyer to a product that is valuable, quickly delivered, transferable and easy to sell, you have an almost irresistible target. Customers may not like having to register before they can buy on your site, but it's an essential protection. You may also want to limit the number or value of transaction for a new customer, or create a waiting period. This would mean repeat customers could enjoy extra benefits.

6. How much risk am I willing to accept?

You can't eliminate risk, you can only manage it. Once you have a good understanding of the risks your online business faces, you need to decide how much you are willing to accept. Every protection you create will cost money, inconvenience your customers, or possibly both, so you can't just lock it all down. You will need to choose wisely to suit the needs of your own operation.

Answering these questions is not always easy, so you'll probably need to talk to experts. Your payment services provider should be your first port of call. They're the ones with the experience, knowledge and contacts to advise you on what will work, and if they can't deliver the advice you need, it may be time to change providers.

ABOUT BRENDON WILLIAMSON

Brendon Williamson is the Managing Director at PayFast and PayGate. A veteran of the payments and e-commerce industry, Williamson has over 20 years' experience in sales, marketing, and online fraud management - with a background in online gaming and e-commerce transaction management. He has been part of the DPO Group for more than 10 years as Chief Sales Officer, Chief Marketing Officer, and most recently, Head of Commercial. Looking ahead, his goal is to take digitalisation to the next level.

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