

Simple Steps For Fraud Prevention and Gaining User Trust

By Aaron Turpen

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Current statistics show that e-commerce in online sales accounts for only 1% of the total retail sales in America. Surveys have shown that consumers still fear online fraud and consider this the number one reason they do not shop online, if they do not already do so. Fraud on the Internet is more common than offline, but current statistics show it only accounts for 1.14% of all transactions online (IT advisory from Gartner published November, 2001).

What can be done to quell the fears of potential customers? Chances are that, alone, you can't do much to fix this situation. Major banks, credit card companies, and online security organizations are rolling out big plans for fraud prevention measures. Until they reach a consensus and find a common solution instead of individual ones, things aren't going to improve anytime soon.

Despite this, there is something the average Webmaster or e-commerce site owner can do. Measures already in place and commonly used are a very good beginning towards this unilateral security utopia the banks hope to achieve. The five steps outlined below will get you on your way towards higher sales and safety on your site.

- 1) Inform your customers of their rights, your policies, and other important facts. Make sure that somewhere on your site they can find a copy of your privacy policy, terms of service, returns policy (more on that below), security measures in place, etc. You may also want to tell them that some credit card companies such as Discover, MasterCard, and VISA exempt customers from paying ANY online fraud charges to their card. All credit companies are required to charge-off (not charge the customer) at least \$50 of any fraud charges to their account.

2) Give an air of professionalism on your site. If your site looks hokey or amateurish, you won't get customers to buy from you. Those that do may feel a bit squeamish about it unless they know you personally or have some other outside reason for trusting you. Avoid these problems by having a professional, clean, and well-maintained site.

3) Secure Socket Links and 3rd Party Verification should be used in all information transactions that involve sensitive data. Someone sending you his or her credit card number, home address, or other personal information should be able to do so through a secure link from his or her browser to your server. Secure Socket Links can usually be set up by your site administrator and 3rd Party verification can be gained from Verisign®; or Thawte®. This verification shows that someone else has looked at your procedures and has verified that your business is legitimate.

4) Phone or email to verify large purchases before shipping. If the average sale through your site is \$32 and someone makes a purchase for \$300, you should go an extra step to verify that person. A simple phone call, email, or other personal communication with this customer will show them that you are looking out for their safety. I made a purchase of \$480 using my PayPal®; MasterCard debit card and received a phone call within two hours from PayPal®; to verify that the purchase was intentional. It surprised me, but I feel much better about using that card to make purchases now.

5) ALWAYS accept reasonable return and refund requests. Deal with them promptly and professionally, no matter how the customer acts towards you during the process. Refund only the amount you feel comfortable giving and ALWAYS refund in the same way they paid (e.g. credit their credit card account rather than send a check). It may seem a hassle, but this activity and the informing of your customers that you are willing to do this instills a lot of trust. I know that, personally, my biggest fear in ordering something online is that I may not get what I want and may not be able to return it.

If you follow these steps and consult with a web professional about your site's needs for security, you will not only help yourself avoid problems, but you'll show your visitors and customers that you mean business! Literally!

For more information on security information, I suggest visiting www.secinf.net . Just about every book, white paper, and article written on security issues is available there.

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