UAE

CROSS-BORDER ECOMMERCE REPORT
CRITICAL FACTS AND INSIGHTS FOR INTERNATIONAL EXPANSION
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1. Introduction

In October 2013 the Cross-border Ecommerce Community was launched (http://www.crossborder-ecommerce.com). The co-creators and partners in this initiative believe that we are stronger collectively, when we bundle our knowledge. We provide facts and figures on mature and emerging markets, preferred payment methods, logistics, risk and fraud, as well as ecommerce legislation and regulation. Our community is designed to become the industry’s knowledge hub offering a deeper understanding of the various influences in ecommerce. We provide key insights that can result in exciting initiatives and ultimately lead to international expansion for the benefit of all stakeholders within the global dynamic of ecommerce.

More than ten thousands reports have been downloaded since the beginning of the CBEC initiative, which is indicative of the high market interest in such comprehensive intelligence. The feedback and response we have received have been really positive and we are happy to see that our reports have successfully addressed the market need.

We are committed to investing further effort, resources and time not only in extensive research, but also in publishing the updated versions of the reports based upon 2014 data.

The diversity of payment methods, coupled with developing cross-border business models are considered key to building and increasing your business. We address the markets need for more clarity and guidance by generating valuable content on mature and developing markets which is a great asset in strategic decision making and corresponding approaches. We share need-to-know insights, well documented research papers, industry reports and info-graphics that highlight global opportunities creating a profitable cross-border ecommerce platform for businesses to grow.

1.1. What’s Included in Each Country Report

A clear and comprehensive overview of the ecommerce and online payments platform, which includes updates on the most relevant industry indicators and country specifics:

- Ecommerce facts and figures
- Cross-border ecommerce
- Industry trends
- Preferred payment methods
- Mobile payments
- Payment service providers
- Ecommerce fraud and online fraud prevention
1.2. Our Methodology

In this analysis, we rely mainly on secondary research from multiple sources, including: Internet World Stats, Eurostat, MarketResearch, consultancy firms, card schemes and e-commerce associations. We then combine this with primary research from industry thought leaders, payments as well as fraud experts within our CBEC partners, with very solid knowledge about the local/regional online payments and the e-commerce landscape. In addition, we use our own resources and skill sets to provide clarity whenever we come across conflicting data records, facts and statistics collected from multiple sources. Lastly, it is important to mention that these reports are based upon data from 2014, unless otherwise stated.

There are significant variations in e-commerce development and the use of online payment methods across countries, with transactions ranging from small values to substantial sums, initiated via a range of payment instruments and driven by different business models. As e-commerce (and implicitly online payments) development is driven by country specific factors, and also registers different growth levels, data availability varies significantly between countries. Some of them have various organizations/market research firms/indexes that publicly and consistently reveal e-commerce-related data. Other countries are presented with the challenge of a language barrier, making data gathering and reliability more difficult. Therefore, in some cases we had to gather our information from unrelated data sources.

By bringing together and sharing expertise from multiple sources we hope you will gain a thorough understanding of the different influencing factors that shape the e-commerce dynamics and will help you keep up with the growing consumer demands in this ever changing marketplace. Success depends on knowing how to engage customers in today’s global, omni-channel commerce reality.

2. Ecommerce Facts and Figures in UAE

The UAE is a hub of cultures and languages. Over 80% of the population are expatriates and it has a median age of 30, with a large proportion of the country being young, well-connected and technologically savvy. The UAE also has one of the highest mobile penetration rates in the world. E-commerce is largely driven by mobile, as 40% to 50% of the sales on Souq.com, the most popular website in UAE, are made through mobile devices.

- Total Population
  - 9.4 million
• Age Breakdown
  - 61.5% of the population in the UAE are between 25 and 54.

  **Age Breakdown in the UAE**

  ![Age Breakdown Chart](chart.png)

  CIA World Factbook, 2013

• Religion
  - The majority of inhabitants of the UAE are Muslim, at 76%.

  **Religions of the UAE**

  ![Religion Bars](chart2.png)

  CIA World Factbook, 2013
• Urban Population
  - 85%

• Internet Penetration
  - 75%

• Mobile Penetration
  - 192.9%
  - 16 million active mobile subscribers

• Tablet Penetration
  - 35%

• Smartphone Penetration
  - 78%

• Online Shoppers
  - 7.7 million

• Ecommerce Sales
  - USD 2.5 billion

• Ecommerce Penetration
  - 83%

• Ecommerce CAGR (2012 – 2013)
  - 21.8%

• Mobile Commerce
  - USD 1.3 million
  - Mobile commerce in the UAE is expected to increase to USD 1.3 billion over the next 5 years.
  - 40% to 50% of the sales on Souq.com, the most popular website in the UAE, are made through mobile devices.

• Mobile OS platforms
  - The majority of smartphones used in the UAE are Android (51%).

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**Preferred Mobile Operating Systems in the UAE**

- Android: 51%
- iOS: 24%
- BlackBerry: 21%
- Other: 4%

*Nielsen – Nielsen Smartphone Insights, 2014*
3. Cross-border Ecommerce Opportunities

• The majority of UAE shoppers (60%) buy from other countries online.

![Share of Cross-border Online Shoppers in the UAE](image)

Cross-border online shoppers: 60%
Domestic online shoppers: 40%

![Distribution of Cross-border Ecommerce in the UAE](image)

The US: 35%
Asia: 30%
Europe: 25%
Inter-MENA region: 10%
The top countries that UAE online shoppers opt to buy from are the US (30%), the UK (18%) and India (18%). Preferred product categories for cross-border shopping are travel and transportation products from overseas websites (43%), followed by clothing/apparel, footwear and accessories (40%).

Free shipping is a main contributing factor to shopping from other countries, as well as safe payment methods. Products unavailable domestically is only third in priority.

### 3.1. Language as a Key Driver
- The official language, and the native language of UAE citizens is Arabic. The majority of the population speaks English, however, and it is considered the common language, despite having no official status.
- The UAE has a very diverse population, of which only 13% are UAE nationals. The UAE has the highest net migration rate in the world at 21.71%.
- An estimated 83.5% of the UAE population is made up by expats.
- Other main languages spoken are Persian, Hindi and Urdu.
- Throughout the world, English is the first language of 26.8% of internet users, closely followed by Chinese with a 24.2% share of the total number.
• The countries with the highest populations of Arabic speakers are, in descending order: Egypt (65 million), Algeria (26.2 million), Saudi Arabia (20.9 million), Morocco (18.7 million), Iraq (17.5 million) and Yemen (17.4 million).

• The countries with the highest populations of native English speakers are, in descending order: the US (292 million), Canada (18.2 million), Australia (15.5 million), Nigeria (4 million), Ireland (3.8 million), South Africa (3.7 million), and New Zealand (3.6 million).
4. Industry Trends in the UAE

- The most popular internet retail category in the UAE is consumer electronics, with a value of USD 104 million.

**Most Popular Internet Retail Categories in the UAE**

![Graph showing popular categories](image)

- The ecommerce website with the far greatest percentage value share in the UAE is Souq.com with 41.2% share, while the second most popular is the US version of Amazon, with 12.3%.

**Major Online Retailers in the UAE**

![Graph showing retailer percentages](image)
• Higher income earners, both professional and management, show the greatest potential to spend more, especially expats, those in their mid-20s to early 30s and those living in Dubai.

5. Preferred Payment Methods in the UAE

5.1. Domestic and Preferred Card Schemes

• Visa is the preferred credit card scheme in the UAE, with over 60% share.

Credit Cards in the UAE

<table>
<thead>
<tr>
<th>Credit Card Scheme</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visa</td>
<td>60.6%</td>
</tr>
<tr>
<td>MasterCard</td>
<td>34.4%</td>
</tr>
<tr>
<td>American Express</td>
<td>3.8%</td>
</tr>
<tr>
<td>Diners Club</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Euromonitor International – Credit Cards – the United Arab Emirates, 2014

5.2. Alternative Payment Methods

• PayPal: PayPal has one million active users from the Arab world. In the UAE it is possible to set up a PayPal account and open a USD account in a local bank to receive payments. Nevertheless, the customers would need to be charged in USD, as PayPal does not accept AED as a currency.

• CashU: CashU is a Dubai-based electronic payment solution developed specifically for the Arab speaking world. CashU is used by thousands of international merchants in the MENA region.

• OneCard: OneCard is a prepaid reloadable solution that was launched in Saudi Arabia in 2004. Users simply charge their OneCard account with their prepaid cards and other charging methods.
5.3. Preferred Online Payment Methods

In general the Middle-East region is driven by cash, with 70% to 80% of online purchases paid by cash-on-delivery, while only 30% is paid online. Using cash-on-delivery as a payment method means that you can select to pay in cash to the delivery agent upon receiving your order. The reasons for such a high cash-on-delivery rate are the underdeveloped non-cash payment infrastructure and often a lack of alternatives.

Research by JadoPado, one of the major online retailers in the UAE, indicates that 40% of its online transactions in the country were processed via credit cards. Furthermore, 29% of the shoppers preferred cash-on-delivery as their payment method, 15% preferred paying with a debit card, 12% with PayPal, 3% with a prepaid card, and 1% with a wire transfer.

The two main barriers preventing online purchases are security concerns and inability to test products before purchase. Both issues were cited by circa 30% of internet users in the UAE.

It is expected that cash-on-delivery rate will decrease in the next few years while credit card and alternative payment methods usage will increase. Besides, a number of card-based initiatives were started in the region during the past years. For instance, in 2012 MasterCard launched NFC-based contactless payments programs in the UAE, Qatar, and Lebanon. The Wage Protection System, that mandates the use of payroll cards or other electronic payment methods for wages, increased access to electronic payment methods over a short period of time. The UAE government is pushing electronic payments via the implementation of an electronic payment gateway for government payments.

Find out more about online payment methods in the UAE and how to increase conversion.
6. Mobile Payments in the UAE

In the UAE, the industry of mobile payments is directly linked to card usage, the ability to transfer mobile money and initiatives related to e-identity.

Back in 2009, the government introduced the Wage Protection System which compels all companies to pay employees through electronic payroll. The result was that open-loop prepaid cards have seen an increased growth and have set the path for a favorable context for mobile payments. Another enabler is represented by the issuance of identity cards. The electronic chip containing face photo, name, date of birth, gender, nationality, mother’s name, marital status, entry information, e-signature, as well as other information relating to nationality and residence for expatriates facilitates the provision of mobile money services, thus creating a favorable picture for mobile payments.

Still, unlike other advanced economies in the Middle East, the UAE lags in consumer readiness, according to the MasterCard’s Mobile Payments Readiness Index. All consumer scores for each payment type (POS, mobile commerce, and P2P) were below the Index average - with the very important exception of P2P usage.

While consumers are unaware or holding back, the infrastructure is ready for development. Being an established hub of money transfer and having favorable regulations and government support in the development of mobile payments, the environment in the UAE presents a positive picture.

**P2P mobile money transfer**

In June 2014, Emirates NBD launched a smartphone-based service dubbed “Emirates NBD mePay” which enables an account holder at the bank to transfer money to another customer using mobile numbers instead of account numbers – the recipient must also be an Emirates NBD account holder.

The service is powered by the Emirates NBD mobile banking app which can be used by all Emirates NBD customers as long as the recipient’s mobile number is registered on the bank’s system and linked to an account number.

The service is free of charge for all Emirates NBD customers, and is available for iOS, Android and Windows phone users. Customers are required to download the Emirates NBD Mobile Banking App, and register for ‘Emirates NBD mePay’ under the settings menu of the application to link their mobile number. Once registered, customers can choose ‘Transfer to other Emirates NBD Account’ from the transfers menu using ‘Emirates NBD mePay’ option to complete the transaction.
Mobile wallets

Because electronic payments are not so widely used themselves in the UAE, developing a mobile wallet solution that would be widely adopted is challenging. Additionally, to achieve the desired level of adoption, mobile wallets have to provide real benefits to its users, benefits that cannot be achieved by using cash or credit cards. However, there are some examples in which consumers were convinced of the benefits of a mobile wallet.

- In June 2011, Abu Dhabi Commercial Bank (ADCB) partnered with Mobibucks, a mobile payments solutions company based in the US, to offer ‘mobi’. The solution is described as a cashless, cardless, paperless and phoneless payment. Consumers create a virtual account online, based on their mobile number and a secret PIN number, which they later use to make purchases. Mobi is currently used at select merchants in Abu Dhabi and Dubai. To date (May 2015), there are 64 merchants listed.

- In the same year (2011), the National Bank of Abu Dhabi (NBAD) won best mobile payment application for its NBAD ARROW service enabled by Luup. NBAD Arrow application allows via the Arrow Service to check account balances, pay utility bills and transfer funds domestically and internationally. Arrow service is available to NBAD customers holding an active account or a NBAD Prepaid account. This mobile banking application is available to all NBAD customers. If the recipient has set up Arrow, the money will be instantly credited to their bank account. If not, they will receive a code by SMS which they can use to withdraw up to approx. USD 408 (1,500 AED) in cash from any NBAD ATM within 24 hours. Users must have a beneficiary set up previously in Arrow Website or through the application to use international remittance. In addition, if the person using the service is an NBAD online banking customer he/she will also be required to enter a one-time 6-digit code supplied by the secure ID token when making transactions.

mPOS

mPOS technology provides the clients with the ability to accept card payments in remote locations and on the move. This is especially important in the countries where the infrastructure does not support traditional POS transactions. Entering UAE’s mPOS market is very difficult and companies trying to establish a footprint here should be proficient in acceptance. Visa and MasterCard dictate most of the rules – even banks face challenges when developing mPOS in-house. That is why some of them outsource this to companies such as goSwiff and others. Because of this burdensome process, most of the new companies are closing in soon.

The main challenge is market adoption. They need some time to adopt it.

The explanation lying behind this rationale is that, from a consumer perspective, cardholders are used to POS machines and they do not trust new entrants easily.

From an acceptance perspective, building devices such as plug-in card readers will be obsolete in 3 to 5 years, as the mobile will become an acceptance device.
However, there are some exceptions:

- **Mashreq Payport** - Financial institution Mashreq launched in 2013 an mPOS device dubbed “Mashreq Payport”, a fully EMV chip-and-PIN compliant mobile point-of-sale device. In order to use the device, customers must download the Mashreq Payport application onto their smartphone. The application is only available on Android and iOS.

  The Mashreq Payport was launched in partnership with MasterCard and goSwiff.

- **Focus mPOS** - Software development company Focus Softnet launched in 2013 its solution Focus Mobile Point-of-Sale (Focus MPOS), designed to incorporate the features of a traditional POS workstation into a mobile device.

  The solution runs on any smartphone and it includes menu-driven features and a customisable dashboard. It was built specifically for retail chains, hypermarkets, supermarkets, restaurants and any business that is into indoor and outdoor retail sales.

  Focus MPOS can integrate with any POS, according to Focus, track customer history, manage favorites and promos, cross-sell with bill optimisation and do checklist tracking. Some of its other features include retail transactions, mobile payment processing, location of out-of-stock items and price look-up.

- **Synergistic Financial Networks** (which runs Mosambee) started in 2012 together with Network International, one of the payment solutions providers in the Middle East, a pilot project to launch an EMV Compliant Mobility device, enabling customers to make payments using credit or debit cards. The pilot project aimed to be conducted with selected merchants in the region. No other updates have been made available since.

6.1. Mobile Operator Payments

The two main operators in the UAE are Etisalat and du.

**Etisalat** has agreements with Dubai for mobile government payments, as well as partnerships with MasterCard and Research in Motion (RIM) for a mobile wallet service.

MasterCard has been working with Etisalat since 2012 to offer mobile payment service in the region. Etisalat’s mobile wallet service, called “Flous” (which means “money” in Arabic), was launched in Egypt in 2013 and it is set to be launched in the UAE soon. Flous enables customers to pay credit card bills, pay for parking or tickets and buy other services from the operator. It works across a range of connected devices and not just telephones. Flous has also recently become available in Togo.

Etisalat’s representatives said that they have the technology in place and they are just waiting for the UAE Central Bank’s approval to launch NFC services in the UAE. The service is to be developed in conjunction with Oberthur Technologies.
The other operator servicing UAE - du - expressed its interest for the payments industry since 2009 when, together with Dubai First, they announced an NFC payments trial. Yet again, their interest was visible in 2010 when US-based NFC technology company Vivotech announced that UAE-based payment company Teletech Middle East would use Vivotech’s TSM platform to download and provision credit, debit and prepaid cards to the add-ons or NFC bridge technologies for du, one or more banks and possibly other telco. However, no further updates have been made available since.

Carrier billing

- Since December 2014, Etisalat offers a carrier billing option for the Windows Phone Store in partnership with Microsoft, allowing its customers to charge their purchases directly to their monthly mobile bill or prepaid account. Etisalat’s mobile customers in the UAE will find that the ‘Etisalat account’ option will appear by default on the payment screen when they go to buy an app. The customer’s Etisalat account will be automatically set as the default option for all future purchases of applications and games, and they will no longer have to enter their credit card details each time they purchase apps or games from the Window Phone Store.

- In February 2014, Egypt-based Arpu Plus, a provider of monetisation solutions and an OTVentures subsidiary company, launched T-Pay, an open mobile payment platform, in the UAE, Saudi Arabia and Egypt.

Through T-Pay, Arpu Plus allows consumers to purchase and pay for digital goods and services from a number of vendors via their mobile telephones, by using direct carrier billing.

With T-Pay, consumers will have to enter their mobile number to purchase digital goods or services, and the transaction will be added to their monthly mobile telephone bill by their mobile carrier, if they have a post-paid number or will be deducted from their existing account for those who have a prepaid number. The new system, which has been powered by LINK Development, another OTVentures firm and a sister company of Arpu Plus, connects electronic and mobile businesses to their consumers through a number of mobile carriers.

6.2. Mobile Payments Initiatives

In December 2014, the UAE Banks Federation (a professional body representing 50 member banks operating in the UAE) announced the completion of the pre-implementation phase of the Mobile Wallet project, which is the financial component of the UAE Government’s Smart Government initiative. The Mobile Wallet, initially unveiled in February of 2014, comprises the design, construction and roll-out of a platform that interfaces with all banks operating in the UAE. The project incorporates the facility for smartphones and other digital devices to be used for cashless purchasing in UAE retail and other outlets, as well as a means to store and transfer money.
Participating banks will have the choice to link with this application or integrate the system with their own internet and mobile banking platforms.

In February 2015, the Board of Directors of the UAE Banks Federation held its first meeting of the year in Dubai, to review the progress made on the Mobile Wallet. Finally, the board ratified the federation financial report for 2014, and approved the action plan and proposed budget for 2015.

MPay is a mobile payments service started by Dubai Smart Government which enables people to pay government fees via SMS. This channel is designed to meet the urgent and instant needs of customers as in paying their fines and bills remotely. The service is currently covering Salik account recharge, Dubai police fines and DEWA bills payment. Prior to using the service the user must register on mPay website.

According to February 2015 data, the mPay app saw over USD 44.3 million (AED 163 million) collected, resulting in a 418% increase in collections in 2014 compared to 2014 and a rise of 267% in the number of transactions. The number of registered app customers raised from 13,600 by the end of 2013 to around 49,000 in 2014.

Customers are also enabled to implement 10 commonly used services such as paying electricity and water bills, traffic fines, Etisalat and du bills, RTA Salik and Nol fees, some of Dubai Municipality’s and Dubai Customs’ services. Additionally, the auto-payment feature, which allows automatic payments, can also be used, along with safety features such as control over the minimum balance and the maximum payment / recharge.

Another, more recent, initiative (May 2015) is about global provider of mobile commerce and marketing services goSwiff, which opened its new office in Dubai to accommodate client demand for its mobile payment services in the Middle East and Africa region. goSwift helps merchants in the UAE to access card payments and, at the same time, it also serves the under-banked customers.

GoSwiff provides mobile commerce platform including mPOS, mWallet and Gateway solutions to enable mobile payments in areas where electronic transactions have not traditionally been available.

The company also announced that the next markets include Qatar, Bahrain, Kuwait, Pakistan, Saudi Arabia.

MasterCard’s digital payment platform MasterPass on mobile devices was first rolled out in the UAE in 2014. MasterCard officials said the UAE hosts a sophisticated consumer segment that has expressed keen interest in adopting “contactless payment solutions.” However, contactless payments are not widely available, due to the lack of infrastructure to accept such payments.
7. Payment Service Providers

- **Innovate Payments**: a payment processing company offering online processing of credit and debit cards for businesses that trade online. Innovate is a wholly owned subsidiary of Telr Pte Ltd and is based in Dubai. The company has been processing online transactions for the UAE merchants since 2012 and was the first PCI DSS Level 1 Certified gateway in the region.

- **Gate2Play/HyperPay**: founded in Amman, Jordan in 2010, Gate2Play provides online payment hub services, connecting merchants to a consolidated network of some of the leading local, regional, and global payment gateways such as UKash, Visa, Mastercard, PayPal, cashU, etc. The company also assists merchants in regional market entry, including localization services (in multiple languages), online and offline marketing and strategic partnership development.

- **Network International**: established in 1994, Network International is one of the leading providers of payment solutions in the Middle East. The company offers a range of innovative products and services such as credit and debit card processing, ATM management and monitoring, merchant acquiring or consumer finance applications that can be tailored to customer’s specific needs. In addition, Network International provides consulting services to design and prepare any new card product or programme.

- **Payfort**: The company is a trusted payment gateway enabling businesses, governments, airlines, SMEs, startups and institutions with innovative payment options for both credit card and non-credit cardholder’s online shoppers. Payfort began in 2013 in Dubai. In addition to its headquarters in the UAE, Payfort opened branches in Saudi Arabia and Egypt.

- **Prosum**: Prosum is a payment service provider, headquartered in Dubai. Merchant payments are facilitated through PIPS™ (Prosum Integrated PaySwitch) that serves as a single-point connectivity, reporting and management tool for internet and mobile payments.

- **Skrill**: Skrill is one of the world’s largest online payment providers currently being used by over 135,000 merchants. Skrill supports UAE for the processing and is mostly used by gambling and betting websites.

- **2Checkout**: 2Checkout is based in Columbus, Ohio and operates the broadest ecommerce payment platforms in the world with a huge currency and payment method selection.

7.1. Major Acquirers in the UAE

- The major acquirers in the UAE are Abu Dhabi Islamic Bank, National Bank of Abu Dhabi, Commercial Bank of Dubai, Mashreqbank and Network International.

- According to the Nilson Report, Network International (NI) is number five in the top merchant acquirers in the Middle East and Africa region, after four other banks from South Africa.

Find out more about the most relevant PSPs, payment gateway services and processors in the UAE here.
8. Ecommerce Fraud and Online Fraud Prevention in the UAE

Card use in the United Arab Emirates is on the increase – and so, too, is card fraud. As ecommerce expands, banks and merchants will need to adopt tailored fraud prevention measures to counter fraudsters and protect genuine consumers.

8.1. Payment Fraud Profile

In June 2014, the UAE topped the list of countries with credit card fraud, with 44% – up from 36% in 2012 - claiming to be victims of fraud in the previous five years. The same survey found that 35% of the population had received a replacement card due to fraud or data breaches during the past year.

In 2013 there were 18.2 million cards in circulation, and this is expected to grow to 28.4 million by 2018. Factors that have impacted card use include the issue of payment cards based on Islamic principles, returning expats and the large numbers of migrant workers using prepaid cards.

Emirates 24/7 recently reported an increase in the number ATM frauds using skimming devices and cameras. It has also been reported by the UAE Central Bank (June 2014) that in one week USD 411.000 was taken illegally via ATM transactions. There remains a customer education issue with regard to this type of fraud, as survey information shows that 17% of customers make a note of their PIN and carry it with their cards.

As measures were put in place to combat fraudulent transactions, in 2013 it was reported that there was an issue with “false rejects” - with one in four people having a card payment declined because the bank incorrectly thought it was fraudulent. This had occurred to half a million customers (7%) on three or more occasions in the previous twelve months. False positives are a critical issue in fraud prevention as banks and merchants need to ensure that genuine customers are able to transact smoothly, without delay, while fraudsters are identified and prevented from doing so.

8.2. Ecommerce and Mobile Commerce Fraud Prevention

Frost and Sullivan have described ecommerce as the UAE’s fastest growing business and, in the last quarter of 2014, 83% of UAE residents made purchases online. While ecommerce in the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE) is expected to grow by 40% to over USD 40 billion by 2020, the UAE is expected to account for half of this total. Contributory factors to online payment growth have included increased internet penetration, a rapid increase in mobile penetration and ‘government initiatives encouraging a digital lifestyle’. Growth in online business has brought new fraud issues to prominence. According to Aite research, in 2014 22% used internet banking or online shopping without security software or on a public computer - and 25% (a higher proportion than anywhere else in EMEA) had left a smartphone unlocked when not using it.

Again, a recent article in Arabianbusiness.com stated that there is poor awareness of the dangers of cybercrime in the UAE and, according to research by Kaspersky Lab and B2B International, the majority of UAE internet users who have lost money to fraudulent online transactions have been unable to recover stolen funds.
A number of banks have rolled out 3D Secure as a response to online fraud, with Citibank being an early adopter in 2011. Later the same year First Gulf Bank ‘launched an internet card that ‘provides a personalised password for every online transaction’. More recently, HSBC Bank Middle East has introduced an additional layer of security whereby, before completing their online purchase, customers are asked to enter a One Time PIN which is sent to their mobile phone. SMS texts are also used to alert customers when a payment has been made using their card.

Continued profitable ecommerce growth will require both that consumers are educated in simple security and fraud prevention techniques, and that merchants and banks respond quickly and effectively to secure transactions, prevent fraud and protect the customer experience. A combination of 3D Secure authentication with other fraud prevention techniques – which can identify and enable genuine transactions that have failed 3DS authentication – offers a powerful and effective weapon against fraudsters.

For more information on cross-border and domestic ecommerce fraud, mobile fraud, fraud prevention and the importance of tailored fraud rules, visit www.aciworldwide.com/what-we-know/insights.

9. Sources and References
