



Non-payment risk in online retailing is lower for women than for men

COLOGNE, 23 March 2010 – The risk of non-payment in e-retailing is lower for women than for men. This is one of the conclusions of the recently published “E-Retail Report 2009” by Deutsche Card Services. For one thing, the chargeback ratio is lower for women. If women use credit cards (by far the most popular payment method in online retailing) to pay at European online shops, the ratio of transactions that have to be charged back after an objection by the cardholder is only 0.07%. In other words: Only one out of 1,400 credit card transactions fails. For men, the ratio is one out of 600. In contrast to other research, the sector-specific study of the Deutsche Bank subsidiary on “Purchasing and Payment Behaviour in E-Retailing” is based on real-life transactions, not on surveys. The database consists of roughly eight million transactions processed on the Deutsche Card Services platform. The E-Retail Report analyses only online retailing transactions. The online retail sector anticipated developments in overall e-commerce and shows both the largest similarities to stationary trade and internet-specific characteristics.

Online retailing is more secure than overall e-commerce

Overall, online retailing is more secure than e-commerce as a whole (e-commerce also includes sectors such as travel or entertainment). E-retailing has an even lower chargeback ratio (0.24%) than overall e-commerce, which registered a record-low chargeback ratio in the past year (see the latest issue of the E-Commerce Report by Deutsche Card Services, which was published half a year ago). That means that, from the merchants’ vantage point, online retailing is considerably more secure than other sectors. Merchants which use the security technology 3-D Secure can even reduce their chargeback ratio to 0.10%. 3-D Secure prevents fraud with credit card payments and is thus an advantage for consumers, too. Under the technology, the cardholder’s identity is verified in the authentication stage by the card issuer’s directly checking the cardholder’s password.

Security provisions stepped up for online luxury retailing

As a rule of thumb, higher transaction values have resulted in higher non-payment risks in the last few years. The E-Retail Report 2009 by Deutsche Card Services again confirmed this hypothesis for both card payments (credit and debit cards such as Maestro) and direct debiting. However, there is one encouraging outlier: The most popular transaction value category (between 10 and 100 €), to which three out of four transactions belong, shows the lowest non-payment risk of all transaction value categories, at least for card payments. It seems that merchants’ fraud protection mechanisms work best in this transaction value category. Even for luxury goods worth more than 500 € the chargeback ratio fell considerably, from 4.3% to 1.5%. Online shops which focus on luxury goods obviously take better precautions against non-payment.

German customers are the least fraudulent in online retailing

Online merchants can rely on German customers to be the least fraudulent, so the non-payment risk is lowest for this group of shoppers. This is evident from the fact that their success rate is highest (91.14%) and their chargeback ratio is lowest (0.06%) in a comparison with their peers from Europe and overseas. For example, the non-payment risk of card transactions initiated by customers from the rest of Europe is 0.21%, i.e. three times that of German shoppers. This means that merchants who focus on this customer segment will have to take into account higher non-payment ratios in e-retailing than if they address customers from other countries. The security risk even exceeds that of customers from outside Europe.

E-Retail Report 2009 segues seamlessly from former issues

The E-Retail Report 2009 segues seamlessly from the two preceding issues published as "Pago Retail Reports". By now, the study is well established as an informative and reliable source of information for online retail trade. It supplements the recently released E-Commerce Report 2009. The E-Retail Report 2009 distinguishes between consumers from Germany, the United Kingdom (UK), the rest of Europe and countries outside Europe. It covers both traditional payment methods such as credit cards, direct debiting and offline payment methods (e.g. COD) and ever more popular new online payment methods such as giroipay and Maestro. The database consists of a selection of e-retail purchase transactions processed via the platform of Deutsche Card Services between October 2007 and September 2008.

The E-Retail Report 2009 is available at a price of EUR 250 (excl. VAT) from the online shop of Deutsche Card Services from now on. For more information please see www.deutsche-card-services.com.

Please note: Media professionals can obtain the E-Retail Report 2009 for free on request. Please get in touch with the contact set out below if you want to use the report for your work.

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About Deutsche Card Services GmbH:

Deutsche Card Services, a part of Deutsche Bank Group, broadens the range of cash management services offered by the Group's Global Transaction Banking ("GTB") department. The newly established company offers international one-stop full-service solutions for non-cash card payment transactions, including credit cards, Maestro, direct debiting and giroipay. In doing so Deutsche Card Services relies on the proven experience and the well-established technical platform of Pago eTransaction Services. Proven risk minimization systems ensure that non-cash payment in e-commerce, in mail-order retailing and at the point of sale is easy, quick and secure. Unique online steering systems enable customers world-wide to monitor all of their transactions at any time.

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