

E-COMMERCE - POTENTIAL RISK

Auction/Liquidating of Products – Auction of non-auction category products or liquidating inventory by misclassifying the standard products at reduced prices to interested parties.

Account Takeover – Account takeover of the customer, and placing the orders through customer account and accepting the delivery by change of shipping address.

Account Reconciliation – Lack of key account reconciliation such as revenue.

Bulk Order – Placing bulk orders to take price advantage through separate customers' accounts.

Banned Product – Sale of the banned product under name of another product.

Bounced Refund – Customer bounced refund due to the card or bank account closure and misuse of these accounts.

Card/Bank Details Data Misuse – Misuse of customer credit and bank account information.

Cash Back – Claiming cashback on the card and returning the product.

Customer Cash Collection – Not accounting for cash collected from the customer by the delivery agents.

Call Center – Fake calls on behalf of the e-commerce companies to the customer.

Content Management – Non-disclosure of full product specifications.

Counterfeit currency – Receipt of counterfeit currency from the customer.

Customer/Supplier Due Diligence – Lack of due diligence of customers and suppliers.

Customer Data for Returned Product – Non-deletion of customer data from the returned products.

Customer Consent for storing personal/banking information – The country-specific risk of storing customer personal and banking information.

Data – Data leakage of the customer and suppliers.

Duplicate payments – Duplicate payments by the customer due to an error in the bank payment gateway.

Excessive Refund – Granting excess refund to the customer.

Email scam – Fraudulent email on behalf of the e-commerce companies to the customer.

False Review and Ratings – False ratings of suppliers to create more demand for the product.

Gift Cards – Redemption of gift cards at the unauthorized platform.

Inventory – Theft of inventory.

Insurance – Inadequate insurance coverage for the warehouse goods by a third party and lack of insurance coverage for transit goods.

Identity Theft – Identity theft of the customer.

Damage in Transit – False claim of damage/loss in transit.

Money Laundering – Paying by cash for substantial value. First, pay by cash, then accept the refund in the banking channel after returning the product.

Non-Delivered Product – Claiming non-delivered product as the delivered product by the delivery agent.

Over Priced Product due to Inaccurate Content – Inadvertently excess charged to the customer due to product content misspecification.

Order Commitment – Customer order acceptance and commitment for delivery with supplier inventory holdings and commitment to fulfill the demand.

Outsourcing Risk – The management of process outsourcing risk.

Price & Discount Update – Risk of inaccurate pricing and discount update to millions of products and revision on a real-time basis in line with competitors' pricing strategy with web crawler.

Product Delivery – Claiming non-receipt of delivery by the customer or non-delivering of the product by the supplier showing as delivered.

Phishing – Stealing of customer-sensitive information.

Receive First and Pay Later – Efficient cash flow management.

Returned/Refund – Return of fake/damaged product in lieu of original and claim of full refund.

Retention of Data – The risk of storing customer confidential information and archival with cross-border data sharing.

Substitute/Non-Standard Product – Delivery of non-standard/substitute product to the customer by the delivery agents.

Suppliers Cartel/Monopoly – Risk of suppliers cartel/monopoly for certain products.

Seller/Buyer Collusion – Trade collusion/circle between the same buyer and seller.

Shrinkage – Misclassification of product category and treating as shrinkage.

Short/excess collection of cash – Loss due to short collection of funds from the customer.

Suppliers Contract Clauses – Non-Adherence to clauses by the suppliers/delivery agents/warehouse companies/supply chain partners.

Security over the incoming customer payments – Ensuring the customer payments are secured through various channels.

Third-Party Distributor – Malpractices by the third-party distributor.

Transit Material Tampering – Change of product during transit.

Unclaimed money – Lack of control on unclaimed money for order cancellation and misuse of unclaimed money of one customer to the benefit of another customer.

Warranty/Guarantee of the products – Nonfulfillment of warranty/guarantee terms and conditions of the products.

Website Traffic – Ensure the traffic on the portal is handled efficiently during the festive season to avoid the loss of business.