Trends in Online-to-Offline Commerce Suggest Increased Need for Mobile Fraud Prevention

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"Online to Offline (O2O) Commerce Signals Demand for Increase in Mobile Payment Security," says mobile payments expert Omlis

Digital payments are forecasted to almost double in the next 5 years, with an increase from £2.5 to £4.7 trillion from 2014 to 2019, according to a recent report from Juniper Research. Businesses worldwide are answering this demand, by implementing new business models. Traditional "brick and mortar" businesses are offering product delivery options, creating an onset of "bricks and clicks" companies.

Transactions processed via mobile payments for traditional retailers are expected to grow by 600 percent by the end of 2017, according to a Chinese research firm iResearch. These economic forecasts signal the growing global shift from online-to-offline (O2O) commerce, integrating use of mobile phone technology and E-commerce with traditional business models. This highlights a growing need for innovative mobile payment technology and enhanced fraud prevention techniques, according to Omlis, a leading Global Mobile Payment Solutions Provider.

Online to Offline (O2O) business models reflect the movement of E-Commerce and M-Commerce activity toward integration with physical, offline processes. This is highly due to the growing worldwide adoption of mobile phones and incorporation of digital payment procedures. In commerce, O2O pushes for user interaction through a website, app, or mobile phone allowing customers to virtually reach the physical storefront or services provided by an organization. Through consistent launch of new apps, the internet has become an innovative way to complete tasks, such as monitoring and controlling home appliances. Innovation leaders Apple recently released the Homekit, which allows users to control lighting, thermostats, and even home security via a mobile device.

Consumers in O2O environments gain more efficient services, improved access to goods, and enhanced online shopping experiences, as well as innovative opportunities to get customizable goods, personalized services, and 24/7 service from industries that traditionally relied on physical interaction. This model could prove profitable for businesses who can aim to increase their consumer base with more efficient systems and a much larger geographical reach.

The push back toward offline relationships has initiated through the private sector due increasing consumer reliance on internet shopping. However, Omlis believes it may also be due to social and cultural implications from widespread internet use. This trend originated in the Asia Pacific, a technologically advanced market that adopted mobile payments early, and now boasts 32 percent of sales attributed to mobile devices according to a recent report from mobile advertising service provider Buzzcity. Omlis believes that this foretells similar trends across the globe, with the UK following closely behind with twice as many mobile payments than the global average in Q2 of 2014. A recent report from Accenture showed that although UK customers are banking via mobile, visits to bank branches have increased since last year by almost 10%. This could be due to increased O2O business

models, or may possibly be attributed to lack of consumer confidence in transacting online due to recent instances of compromised <u>consumer information</u>.

A major concern facing online to offline business models is fraud, due to heightened reliance on mobile payments, an increase in personal data stored on phones, mixed with hackers and no standard security protocol for mobile commerce. The most significant example of fraud activity on mobile devices is credit card fraud according to a <u>report by lovation</u>, which looked at mobile fraud cases on both Android and iPhone platforms. This fraud occurs most frequently via the mobile web, which still harnesses 60% of global transactions.

"The mobile payments market has key hurdles to clear in fraud prevention, and businesses adopting new models incorporating digital and mobile payments must consider best practices to guarantee consumer confidence, consistency, and convenience," said Omlis CEO Markus Milsted. "Online to offline models call for improved security for mobile payments and uncompromised technology which can function effectively on mobile phones."

Omlis believes businesses must work to ensure consistency within an O2O experience, including a differentiated focus on customer satisfaction and implementation of new techniques for effective and secure customer service.

"It is necessary to anticipate imminent issues that will arise as mobile devices are incorporated further into daily life, and ensure consumer confidence through use of secure systems," said Milsted.

The integration of offline and online will continue to change and grow as consumers and businesses find an ideal balance, and security will surely play a large part. <u>Omlis</u> technology offers a powerful and innovative secure payments technology designed to proactively address issues faced by the mobile payments industry.

About Omlis – Omlis is a global mobile payment solutions provider bringing market proven, highly powerful, differentiated and most effective solutions to all mobile commerce security. Providing completely secure, unique and uncompromised technology with 100% fault-tolerant tracking of all payments in real-time for full transaction accountability.

About Summary – Online-to-offline commerce, which utilizes mobile phones as an intermediary between businesses and consumers, is an emerging trend that has no potential of slowing down. Online shopping and innovative apps have created a new consumer environment that encourages new ways of shopping and conducting daily life. Mobile payments are becoming the norm, but must become more secure due to a currently insecure mobile payments market. This article examines current trends in online-to-offline business models, and anticipates imminent issues in mobile fraud.

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