cbec

THE **PAYPERS**

FRANCE

CROSS-BORDER ECOMMERCE REPORT

CRITICAL FACTS AND INSIGHTS FOR INTERNATIONAL EXPANSION

UPDATE 2014

PAYVISION
Global Card Processing

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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 2013 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

• Logistics

• Ecommerce law

1.2. Our Methodology

In this analysis, we rely mainly on secondary research from multiple sources, including: Internet World Stats, Eurostat, MarketResearch, consultancy companies, card schemes and ecommerce 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 ecommerce 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 2013, unless otherwise stated.

There are significant variations in ecommerce 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 ecommerce (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 ecommerce-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 ecommerce 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 France

France is one the leading European ecommerce markets, after the UK and Germany. The French consumer is tech savvy; 89% of internet users have shopped online. The market is slowing down, however, from 20.4% in 2012 to 11.2% in 2013. French online merchants and shoppers are already looking overseas as 25% of online merchants are exporting overseas and 19% of online consumers are shopping across borders.

- Total Population
  - 64.3 million

- Age Breakdown

  - 38.9% of the population in France are between 25 and 54.

Age Breakdown in France

18.7%
11.9%
17.9%
12.6%
38.9%

- 0-14
- 15-24
- 24-54
- 55-64
- 65 and over
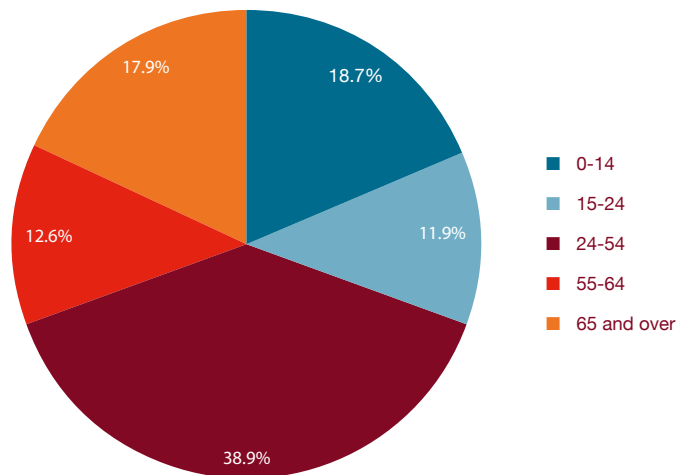
CIA World Factbook, 2013

- Religion

  - Roman Catholic is the most popular religion in France, approximately 83% of the population.

Religions of France

1.0%
2.0%
4.0%
9.0%
83.0%

- Protestant
- Roman Catholic
- Muslim
- Jewish
- Other / none
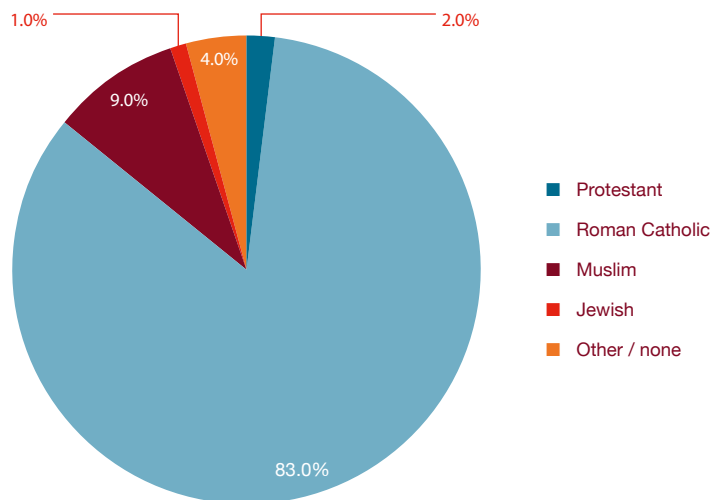
CIA World Factbook, 2013

- Urban Population
  - 87%
- Internet Penetration
  - 85.75%
  - 55.4 million
- Mobile Penetration
  - 119%
- Tablet Penetration
  - 18.1%
- Smartphone Penetration
  - 53%
- Online Shoppers
  - 33.8 million
  - 89% of all internet users buy goods or services online.
- Ecommerce Sales
  - EUR 51.1 billion
- Ecommerce Penetration
  - 59%
- Ecommerce CAGR (2010 – 2013)
  - 20.3%
  - 11.2% growth in 2013, down from 20.4% in 2012.
- Mobile Commerce
  - Mobile commerce sales in France accounted for 11% of internet sales in 2013.
  - EUR 1.4 billion

- Mobile OS platforms

  - Android is the preferred mobile operating system in France, with 62.8% market share.

Preferred Mobile Operating Systems in France

- iOS
- Android
- Blackberry
- Symbian
- Window
- Other

18.2%
5.4%
9.0%
2.2%
2.4%
62.8%
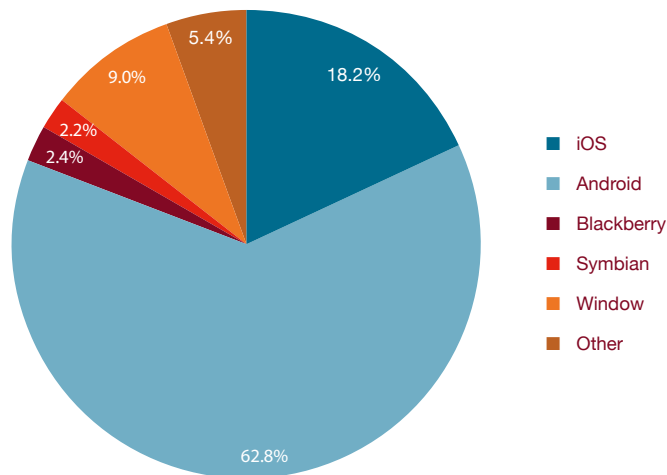
Kantar World Panel, 2013

3. Cross-border Ecommerce Opportunities

- 25% of French sites undergo exports which generate 10% of their sales internationally, supported by international demand for French fashion and beauty brands.
- French online consumers are above average in Europe when it comes to buying goods and services via the internet in another EU language; 19% shop across borders, as compared to an average of 15%.
- France is the third most popular destination for cross-border online shopping among European online shoppers purchasing abroad, topped only by the UK and Germany.
- In France, cross-border online merchants sell mostly to Belgium / Luxembourg (42%), Spain (27%), Italy (26%), the UK (17%) and the US (6.9%).
- French online shoppers mostly buy from Germany (41%), the UK (29%) Belgium (15%) the US (9%) and China (7.9%).

3.1 Language as a Key Driver

- The official language of France is French, spoken by 88% of the population, 57.8 million people.
- 3% of the population speak German, or German dialects.
- Flemish is spoken by around 90,000 people in the north-east, which is 0.2% of the French population.
- French is the third most spoken language in Europe, after German and English.
- Outside of France, largest numbers of French speakers exist in the Democratic Republic of Congo (28 million), Ivory Coast (12.7 million), Canada, (7.7 million), Haiti (5.6 million), Belgium (4.3 million) and Cameroon (2.9 million).
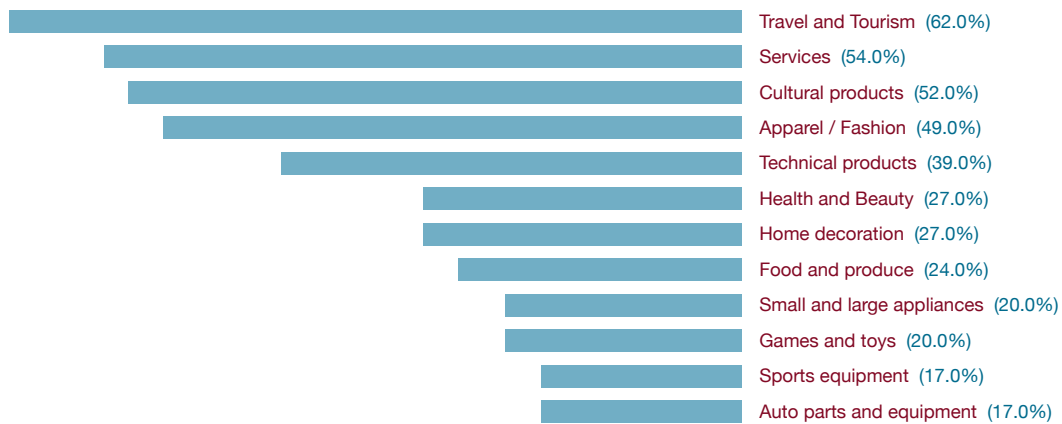
4. Industry Trends in France

- The number of online bank card transactions in France rose nearly 18% last year.
- The rate of new French online shoppers is up 5%, as is the purchase frequency, with an average of 18 transactions per year and per buyer, compared with 16 in 2012.
- In 2013, the average French basket value was EUR 84.50, compared to EUR 87.50 in 2012.
- Online sales in France make up 6.9% of the total retail market.
- The most popular ecommerce category in France is 'Travel and Tourism', products of which are purchased by 62% of e-consumers.

Most Popular Online Retail Categories in France

In % of internet shoppers

Category	Value
Travel and Tourism	(62.0%)
Services	(54.0%)
Cultural products	(52.0%)
Apparel / Fashion	(49.0%)
Technical products	(39.0%)
Health and Beauty	(27.0%)
Home decoration	(27.0%)
Food and produce	(24.0%)
Small and large appliances	(20.0%)
Games and toys	(20.0%)
Sports equipment	(17.0%)
Auto parts and equipment	(17.0%)

FEVAD (La Fédération du e-commerce et de la vente à distance) – Rapport d'activité 2013/2014

- The most visited ecommerce site in France is Amazon, with over 16 million unique visitors a month.

Major Online Retailers in France

In unique monthly visitors

Retailer	Value
amazon	(16,057,000)
Cdiscount	(9,834,000)
FNAC	(9,064,000)
eBay	(8,653,000)
Price Minister	(7,789,000)
Carrefour	(6,679,000)
La Redoute	(6,576,000)
Voyages-SNCF	(6,380,000)
Rue de Commerce	(5,612,000)
vente-privee	(5,467,000)
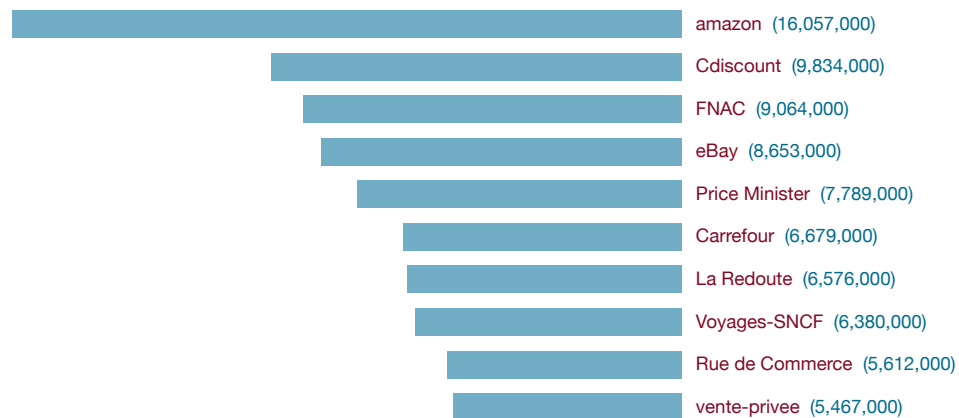
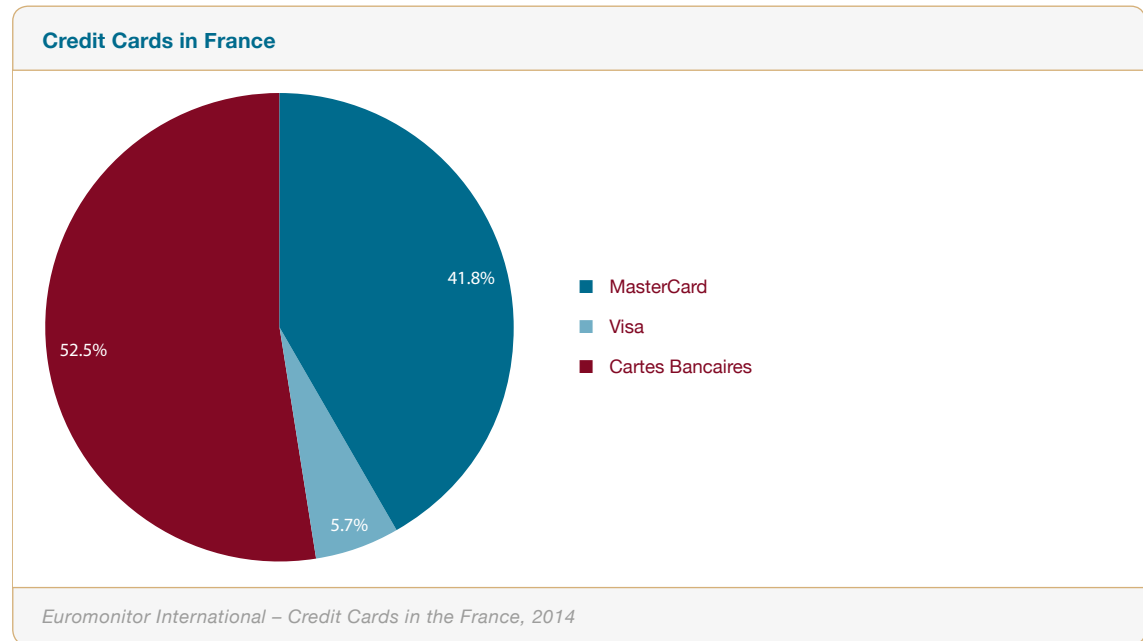*FEVAD (La Fédération du e-commerce et de la vente à distance) – Rapport d'activité 2013/2014*

5. Preferred Payment Methods in France

5.1. Domestic and Preferred Card Schemes

- Of the three main credit card schemes in France, MasterCard, Visa and Cartes Bancaires, Cartes Bancaires takes the largest proportion at 52.2%.
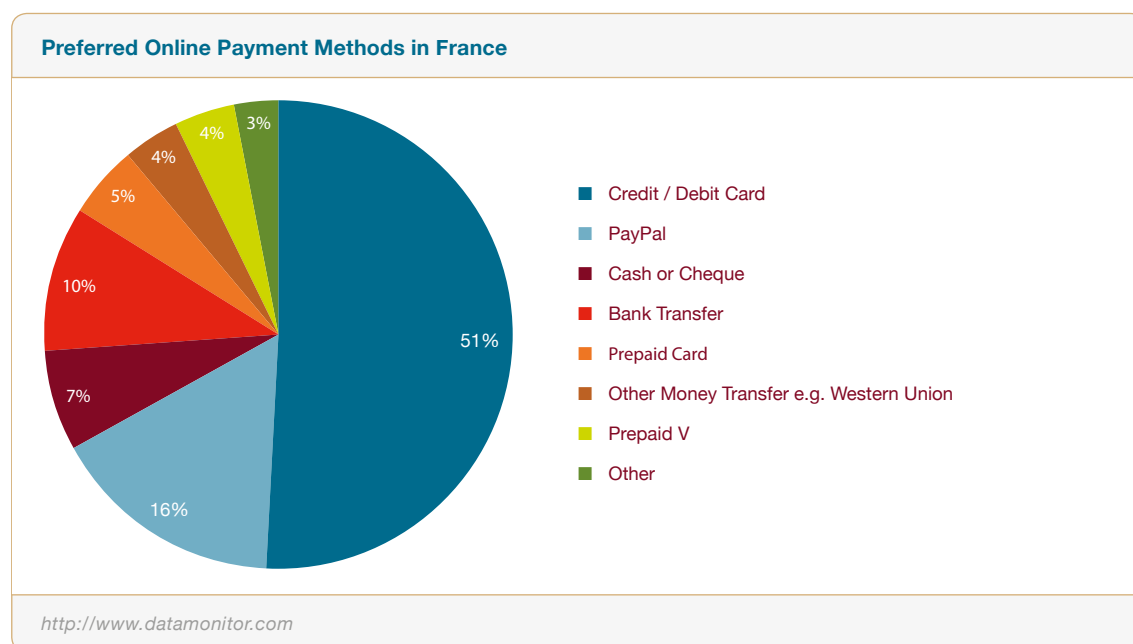
Credit Cards in France

41.8%
52.5%
5.7%

■ MasterCard
■ Visa
■ Cartes Bancaires

Euromonitor International – Credit Cards in the France, 2014

5.2. Alternative Payment Methods

- **Allopass**: specialises in pay-per-phone and pay-per-SMS (text message) payment methods. It enables website's customers to purchase via mobile and landline, and empowers website owners to reach users who can't or don't want to pay with a credit card.
- **Bank transfers**: ("virement bancaire").
- **Cash on Delivery**: the customer would pay for the goods at the date of the delivery using cash.
- **CM-CIC Paiement**: online payments for small businesses, as well as international ecommerce sites operating in several languages and currencies.
- **Hipay**: e-wallet solution of the European digital media group Hi-Media Payments.
- **Moneo**: electronic purse system available on French bankcards to allow small purchases to be made without cash. The system is aimed at small retailers such as bakeries and cafés, and are intended for purchases of less than EUR 30.
- **PayPal**: online payments and money transfer service that allows you to send money via email, phone, text message or Skype. Founded in 1998, PayPal offers products to both individuals and businesses alike, including online vendors, auction sites and corporate users.

- **Paysafecard**: European provider of payment processing services. In August 2013, the company unveiled that 150,000 of its European customers used the new my paysafecard online account. My paysafecard allows customers to manage their paysafecard PINs via an online account. Instead of having to enter individual PINs for each payment, the online account enables customers to pay with their unique user name and password.
- **Slimpay**: enable merchants to offer subscriptions to customers and to receive recurring payments. It encourages subscriptions by providing a simple, multilingual and multichannel experience. Subscriptions increase customer loyalty and reduce the risks of payment incidents by offering secure payments via direct debit or by combining direct debit and bank card payment. SlimPay is an authorised payment institution.
- **Sofortüberweisung**: an easy and simple way to process online payments. Unlike other online transfer payment methods, there is no account registration. Credentials provided by the customer's bank and a Transaction Authentication Number (TAN) are necessary to progress through the payment process.
- **Ticket Premium**: instant deposit option that allows customers to instantly load funds to their e-wallet using a prepaid Ticket Premium card that is loaded with funds using cash or other forms of credit.
- **Ukash**: established in 2001 under the holding company Smart Voucher, is an e-money network and ecommerce cash payment method that enables consumers to shop, pay and play online using cash.
- **The Rentabiliweb Group**: founded in 2002, offers professionals and webmasters a platform of payment solutions to monetise access to their services and content on the internet and mobile phones, such as games, fee-paying games, articles, videos, etc.

5.3. Preferred Online Payment Methods

Preferred Online Payment Methods in France

Legend:
- Credit / Debit Card — 51%
- PayPal — 16%
- Cash or Cheque — 7%
- Bank Transfer — 10%
- Prepaid Card — 5%
- Other Money Transfer e.g. Western Union — 4%
- Prepaid V — 4%
- Other — 3%

http://www.datamonitor.com

Find out more about online payment methods in France and how to increase conversion.

6. Mobile Payments in France

In France, the mobile payments market is highly dependent on the bank card system. This is the reason why early indicators suggest that consumers view and use mobile payments as an extension of credit or debit cards, rather than as a substitute for cash. However, the willingness is there and the overall context allows innovation to disrupt that mindset. Although only a small amount of people uses mobile for shopping (20%), they are aware of the available options (80%), according to data by Bain&Company.

Some of the earliest dedicated solutions which have entered the French market include:

- In December 2012, Oney Banque Accord, the banking arm of French supermarket chain Auchan, unveiled Flash'n Pay, a QR code-based multi-channel mobile payments brand. To use Flash'n Pay, customers download an app to their smartphone and then link their payment and loyalty cards to their account. At checkout, a QR code is presented to the customer by the merchant's terminal. The customer then captures an image of the QR code with their phone's camera and enters a PIN to complete payment.
- In November 2011, BNP Paribas partnered with mobile operator Orange to launch a suite of mobile banking and payment services called BNP Paribas Mobile. Among these services are Kix, a mobile payment application which enables customers to pay for daily purchases using NFC Cityzi mobiles, and My Transfers, a mobile app that lets users send money from their mobile phones to anyone, including people who are not BNP Paribas customers.
- Buyster, was launched by mobile operators Bouygues Telecom, Orange and SFR in February 2011 and was approved by the Banque de France. Buyster is primarily designed for online payments, enabling users to pay for online transactions without releasing their bank details to a merchant. Users register online and link their bank card to either their fixed line number or mobile phone number. The system is supported by online retailers Aquarelle, Brandalley, Darty and Rue du Commerce.
- Crédit Agricole's Kwixo mobile payment service, which was launched in June 2010, allows person-to-person (P2P), business-to-business (B2B) and person-to-business (P2B) payments, but doesn't offer a way to pay merchants in stores. The user doesn't need to be a client of Crédit Agricole and there is an Android and an iPhone app, respectively.
- The Association Française du Sans Contact Mobile (a not-for-profit association which is coordinating the technical development and promotion of Cityzi), launched Cityzi in Nice in May 2010 and has gradually rolled it out to other cities in France. The project was developed in partnership with mobile operators (Bouygues Telecom, Orange, SFR and NRJ Mobile), transport companies, banks (such as BNP Paribas, Crédit Agricole, Société Générale and Crédit Mutuel-CIC) and merchants for a wide-scale commercial deployment of Near Field Communication mobile contactless payments. Users equipped with NFC Cityzi mobile phones can pay for in-store purchases and transport tickets using their phone, as well as gaining loyalty points when shopping at participating stores. One year after Cityzi had been launched, the system registered only 2,800 transactions in Nice for 3,300 users. The service is live in Nice and Strasbourg, and is being rolled out to Marseille, Caen, Lille and Bordeaux as well as other parts of France.

6.1. Mobile Operator Payments

Most popular mobile operators in France include Orange, SFR, Bouygues, Free Mobile, NRJ Mobile, and all are involved in the development of mobile payment solutions in the country. The digital content is especially sought after by using mobile operator services. Three different billing types are available on the French market: digital service billed via internet + Mobile (Direct Carrier Billing), digital subscription service billed via internet + Box (ISP billing) and billed via PSMS (MO billing).

Other developments involving mobile operators include:

- In February 2014, Orange and Visa Europe joined forces for the commercial launch of Orange Cash in Caen and Strasbourg, France. The application acts as a 'mobile purse', taking the form of a Visa prepaid card on a phone. The Orange Cash application is based on a prepaid account that customers can top up via any debit or credit bank card. Once the app has been topped up, customers can use the smartphone like any other wallet in any retail outlet that accepts Visa contactless payments worldwide. To make a payment, users have to place their mobile phone on a payment terminal that accepts contactless payment. A passcode chosen by the user will be required for any payment over the contactless limit, which varies by country. Orange Cash is a solution designed and managed with Wirecard Card Solutions, a member of Visa Europe.

- Transit operator CTS announced in July 2013 the launch of a NFC mobile ticketing service on public transport in the French city of Strasbourg in partnership with mobile network operators Orange, Bouygues Telecom, SFR and NRJ Mobile. Using the new U'Go mobile application, passengers are enabled to buy either monthly or daily tickets for bus and tram journeys in the area. Payments of up to EUR 15 are charged to the user's mobile phone bill. For payments higher than EUR 15, users are required to enter their bank card details to complete the purchase. NFC tags have been located in tram stations and attached to ticketing machines on buses in the region. Customers tap their phones against the tags to validate their prepaid ticket before travelling.

- From May 2014, travellers can pay with their mobile phones at Selecta's vending machines at the railway station Gare de Lyon in Paris. During a 6-month pilot program, 110 Selecta vending machines offer mobile payments. Travellers are able to make purchases by sending SMS messages from their mobile phones. Selecta already offers mobile payment solutions in Sweden, Norway and Finland. The pilot in Paris is the first mobile vending solution for physical goods in France. The billing for SMS purchases in Gare de Lyon is handled by the operators Orange and Bouygues Telecom.

6.2. Mobile Payments Initiatives

Some of the most recent developments in the French mobile payments market include:

- In August 2014, global payment provider Ingenico Group received a certification from Cartes Bancaires CB Group in France for its mobile acceptance solution. M-acceptance consists of combining a payment solution with mainstream mobile equipment, such as a smartphone or tablet, using both communication means and ergonomy to provide for embedded management and checkout applications. A transaction viewing portal has been made available to m-commerce retailers by Ingenico Group.

- In June 2014, GOMCDO announced future mobile payments implementations in 1200 McDonald's restaurant locations across France. With this application, customers can order before arriving at the restaurant, make payments with the "one-click" payment feature compatible with credit cards as well as PayPal. The delivery of the new payment system has been developed along with Airtag, a provider of mobile shopping solutions.
- In May 2014, Airtag partnered with Groupe Le Duff to launch a mobile wallet for their QSR chain Brioche Dorée. The Brioche Dorée mobile wallet is set to use Airtag's Airshop platform, and it will include ordering, payment, loyalty and couponing features. The Brioche Dorée wallet's ordering and payment features enable customers to place orders via mobile phone or online and have the option to pay either via the app or in-store. The Brioche Dorée mobile wallet is currently piloting in 20 stores across France.
- In January 2014, VeriFone Systems announced that its countertop payment device—the VX 520—received compliance certification to meet the Groupement des Cartes Bancaires (CB Bank card Group) requirements for mobile and contactless payments.
- In September 2013, Adyen unveiled that Lebara, a mobile virtual network operator (MVNO) for foreign nationals, went live on the Adyen payment platform across its online and mobile-optimised websites in the UK, with further rollout to follow in France as well as Germany and Spain. Under the agreement, Adyen will provide Lebara with the payment backbone it needs to support instant credit top-up, in addition to SIM card purchase and recurring payment functionality. Lebara will use Adyen's Hosted Payment Pages, with customisable 'skins' designed for its online and mobile-optimised websites. In addition, Adyen's risk management system will support the new payment service.

Other new players entering the French mobile payment market include Storific, TagPay and others.
- Storific is a mobile point-of-sales system which enables businesses to provide a mobile payment method for their customers. Customers can order and pay from their mobile device.
- TagPay is a mobile payment solution provided by Tagattitude which enables clients to make purchases on the web or with participating merchants using their mobile phone. TagPay can work as a prepaid account system that uses the mobile phone as the payment device. Clients load their account with participating merchants or on the web.

6.3. Mobile Credit Card Reader

The European mPOS market witnessed some new developments in the last couple of years, with the number of merchants signing up for chip-and-PIN mPOS reaching more than 60% in the last quarter of 2013. The mPOS' ease of use is cited as its unique selling point by the majority of small businesses (74% of those in France, 73% in Germany, 63% in the UK and Poland, respectively and 59% in Italy).

Mobile point of sale solutions providers available on the French market include: Adyen, Famoco, goSwiff, iKentoo, Mobilepaid, Monitise, payleven, PayPlug, Paytop, payworks, SumUp, WireCard.
Payleven unveiled its entry into the French market in November 2013. Payleven's solution is based on a 'plug and pay' principle and it enables merchants to provide their clients with chip-and-PIN debit and credit card payments via their smartphone or tablet devices.

SumUp entered the French market (also Belgium and Portugal) in December 2012.

7. Payment Service Providers

- Processors:

- **Adyen**: founded in 2006, focuses on providing an internet-based payment platform supporting all international markets, as well as all relevant sales channels (web, POS and mobile).
- **GlobalCollect**: processes consumer transactions in more than 170 different countries using local currencies and supports more than 150 different payment methods. GlobalCollect provides online payment services for international customer-not-present channels such as internet, mail and telephone orders and serves a range of industries such as travel, ticketing, telecommunications, retail, publishing, portals, online gaming and digital content.
- **Lyra Network**: founded in 2001, provides transaction routing services. The company offers its services through multi-brand POS terminals through GPRS, IP, and RNIS networks. It serves banks, loyalty experts and brands.
- **Paybox Services**: founded in 1999, offers payment solutions for physical and remote access systems such as merchant websites, electronic payment terminals, call centers, automatic terminals, mobile phones or PDAs.
- **SystemPay International**: a Wordline white-labelled processor for the French Banking Group Banque Populaire Caisse d'Epargne. Provides its clients with electronic payment processing solutions.
- **Worldline**: international information technology services company. Its business is turning client vision into results through the application of hi-tech transactional services, consulting and systems integration and managed operations.
- **WorldPay**: a financial technology company, specialising in payment processing around the globe. With offices in the UK, Europe, US and Asia, the company supports 120 currencies. The company processes face-to-face credit and debit card transactions, as well as online and phone payments, federal income tax and electronic benefits payments and ATM transactions.

- Wallets:

- **PayPal**: a leading wallet in France with 8-9% of payment volumes.
- **Skrill**: the second biggest wallet in Europe after PayPal, has some market share in the gambling/gaming sector in France.

7.1. Major Acquirers in France

Major acquirers in France are: founding members of carte bancaire. Caisse d'Epargne (Groupe BPCE), Banque Populaire (Group BPCE), Groupe BNP Paribas, Crédit Agricole, Crédit Mutuel, Société Générale, HSBC France, Crédit du Nord, CIC, LCL, Be2bill (acquiring platform and processor).

Find out more at the most relevant PSPs, payment gateway services and processors in France here.

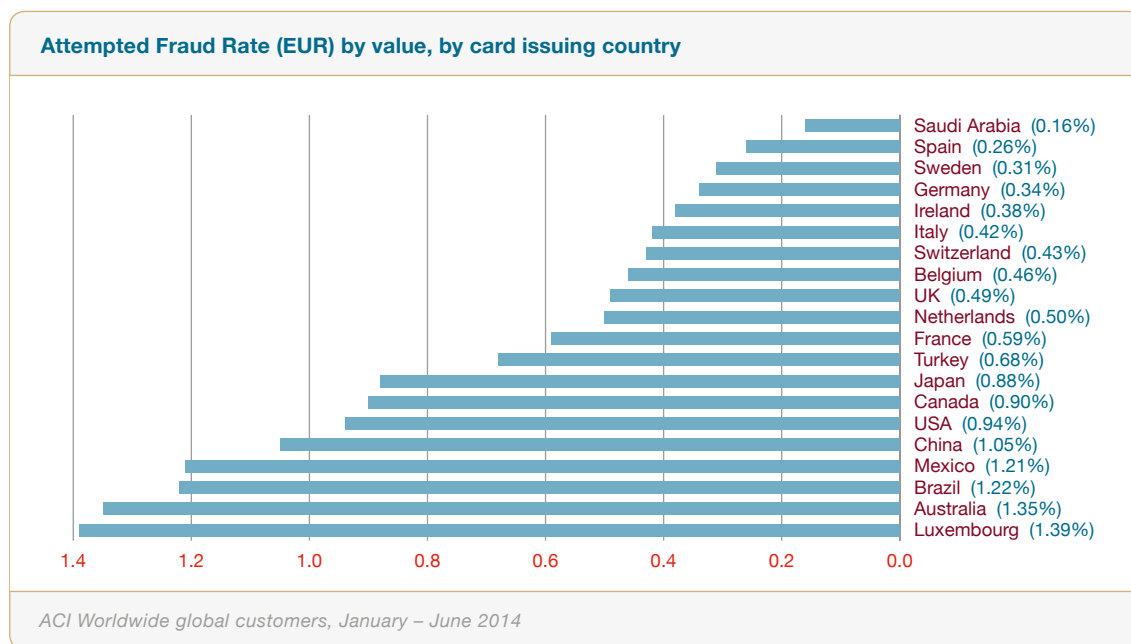# 8. Ecommerce Fraud and Online Fraud Prevention in France

With relatively high fraud levels, carefully tailored fraud prevention measures play an important part in helping French merchants to counter fraudsters and protect their genuine consumers.

8.1. Payment Fraud Profile

In 2013, total fraud in France increased from the 2012 level of EUR 450.7 million to EUR 469.9 million according to the annual report of the French Observatoire. Over the same period, online fraud increased from EUR 109.4 million to EUR 125 million. Around two thirds of domestic card fraud takes place via the internet, as compared to 11% of payments.

While France pioneered the national roll out of smart cards to control fraud, EMV adoption has been relatively slow. According to FICO, France has the highest level of fraud as a percentage of card sales in Europe and France and the UK together account for 62% of the European fraud in total.

ReD customer data reflects the relatively high rate of attempted fraud in France, in comparison with many other European countries.

Attempted Fraud Rate (EUR) by value, by card issuing country

Country	Rate
Saudi Arabia	(0.16%)
Spain	(0.26%)
Sweden	(0.31%)
Germany	(0.34%)
Ireland	(0.38%)
Italy	(0.42%)
Switzerland	(0.43%)
Belgium	(0.46%)
UK	(0.49%)
Netherlands	(0.50%)
France	(0.59%)
Turkey	(0.68%)
Japan	(0.88%)
Canada	(0.90%)
USA	(0.94%)
China	(1.05%)
Mexico	(1.21%)
Brazil	(1.22%)
Australia	(1.35%)
Luxembourg	(1.39%)

ACI Worldwide global customers, January – June 2014

Also, France has the highest lost-and-stolen card fraud level in Europe, accounting for 28% of the total fraud 'mix'. 66% of this total comes under the category of ID theft, including account takeover and fraudulent card applications. Fraud prevention measures to identify and tackle **account takeover fraud** will be particularly relevant in this market.

8.2. Ecommerce and Mobile Commerce Fraud Prevention

Ecommerce sales continue to grow at a fast pace in France. Fevad, France's premier ecommerce association, reported over 34 million online consumers and sales of over EUR 13 billion in the first quarter of 2014 (as compared to a total of EUR 51.1 billion in 2013). The Centre for Retail Research estimates that online retail sales will account for 6.9% of total sales in France in 2014.

Growth is being driven by a significant increase in the number of merchant sites, stimulating demand through competition in price and service. In May 2014, Fevad reported that there were 144,000 online shopping sites, a 21,000 increase over the previous 12 months.

Cumulated with this growth in ecommerce, there has come an associated rise in online fraud levels. Fraud in card-not-present payments accounted for 9.2% of the value of domestic transactions and 61% of the total value of domestic fraud in 2012. Many French retailers are keen on expanding internationally and see ecommerce as a cost effective route to market. Still, strong cardholder authentication and **fraud prevention tools** are critical to manage the associated risks. Similarly, fraud rules tailored to the mobile channel are essential as ReD is seeing relatively high rates of attempted **mobile fraud** across vertical sectors in France. Rules specifically designed for the mobile channel are critical to ensure that merchants can take full advantage of mobile commerce growth.

Today, there is no universal method as to how 3D Secure is deployed by issuing banks in France; most issuers are imposing a dynamic password sent to the consumer either via SMS or e-mail. While 43% of merchants currently use such an approach, others remain reluctant to do so, mainly due to a fear of high drop-out rates.

The concept of **risk-based 3D Secure authentication**, whereby merchants only push high risk transactions through the 3DS route, is gaining favour, and the combination of 3D Secure and sophisticated fraud rules offers the best option for merchants.

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**.

9. Logistics in France

The ecommerce sales blueprint for buying products on the internet is well embedded in French consumerism and France is the third largest ecommerce market in Western Europe. Driven by a long history of traditional mail order, the supporting logistics market is well developed, with strong competition to the local postal services (La Poste). Delivery to Pick-Up Point has a particularly high adoption in France, with 14% of ecommerce orders delivered through players like Mondial Relay, which offers more than 4,000 'Points Relais' and Kiala over 7,000.

In terms of delivery costs, France lags behind other European countries like Germany and the Benelux and, in part, this disadvantage has been 'circumvented' by delivery to Pick-Up Point, thus avoiding the cost of the last half-mile. Cross-border ecommerce is still only a fraction of the total commerce and, in many cases, the returns management and reverse logistics is considered to be a main prohibitive factor.

9.1. Reverse Logistics

Returns ratio for online sales ranges from 7% for general goods to 15 % for electronics and over 40% for fashion. For over 70% of online shoppers an easy returns solution is a key decision factor in their buying decision. Thus, implementing an easy returns scheme drives sales.

What distant sellers need to realize primarily in the electronics and battery area is that it is mandatory to register the quantity of items that are put to market. The so called European WEEE regulation obliges manufacturers and retailers to be registered and report also the items that are taken back from the market. An example would be a coffee machine which has entered the end-of-life period, needs registration (often in bulk) in the right registry. Noncompliance can bring fines of thousands or Euro's.

In many cases, there are also options to prevent items from ending up or being classified as waste and create a second life with specialised refurbishing companies. Britcom is a key player in domestic appliances and smaller electronics, but there are also good options via eBay.

9.2. Good Returns Management Helps You Grow

Nowadays, the cross-border market is the fastest growing and, therefore, offers you the most possibilities to win new customers. Moreover, international customers spend more time per transaction and, often, return rates are significantly lower. So, next to a good transaction management, the returns often provide a challenge to enter into new markets.

The necessity to link all the transactions, client and logistics information is already a challenge in domestic markets, let alone a return of cross border ecommerce sale. Specialists working in this area, like Cycleon, the award winning logistics company, come to help and take away the hassle, while you are able to concentrate on the marketing of your product.

10. Ecommerce Law in France

In this section, there is information about ecommerce law, privacy and data protection, consumer protection, digital signature, custom and duties, electronic contracting, computer crime and intellectual property rights and labeling in France.

10.1. Privacy and Data Protection

The Law on Privacy Protection in relation to the Processing of Personal Data was issued in France in 1978 (Act 78-17 of 6 January 1978 on Data Processing, Data Files and Individual Liberties). The European Directive on this subject was only published three years later, on 24 October 1995, and France transposed it into national legislation by the Law issued on 6 August 2004. The French regulations, with regard to the use of "cookies" and other similar techniques, are included in the Law on Privacy Protection and have received further interpretation by the French Privacy Commission (the CNIL).

10.2. Consumer Protection

The consumer protection in the context of ecommerce under French law is mainly regulated by the Law issued on 22 June 2004 for the Trust in Digital Economy. It contains matters such as rules on advertising, labelling, price indication, e-contracting and other information to be provided to the consumer, as well as on the publication of online content. The European rules on distance selling and distant selling of financial products have been transposed separately and included into the French Consumer Code. The rules on unsolicited communications have been incorporated into the Postal and Electronic Communications Code.

10.3. Digital Signatures and Authentication

In 2000, several provisions of the French civil code have been modified in order to make electronic documents and signatures legally acceptable. In 2004, the Law in the Trust in Digital Economy has regulated the liability of certification service providers issuing qualified digital certificates.

10.4. Custom and Duties

If goods are imported from outside the EU, import duties may become due based on the tariff classification, customs value and origin of the goods. VAT shall become due upon importation from non-EU countries when the goods are to be declared for use within this country. The customs/VAT warehousing procedure allows the storage of goods without such goods being subject to import duties (neither VAT nor customs duties are due). A non-EU taxable person who imports goods into France in his own name must register for VAT purposes and appoint a fiscal representative. A taxable person established outside this country, but within an EU Member State, can either register directly for VAT, or register through the appointment of a tax representative.

10.5. Electronic Contracting

As is the case when concluding a contract in the traditional manner, concluding a contract by electronic means is subject to the general rule of consensualism. Nonetheless, there are some exceptions to this principle and meeting certain formal requirements is explicitly required for the creation of some contracts. Article 25-I of the French Law on Trust in the Digital Economy, which modifies the French Civil Code, transposes the European Directive on the same subject in its intention to lift this obstacle by relying on the principle of functional equivalence.

10.6. Computer Crime

Since the issuing of the so-called Law "Godfrain" of 5 February 1988, French Law has been progressively adapted to deal with cybercrime. Most salient reforms came from the Law in the Trust in Digital Economy of 2004 and the two laws of Daily Security of 2001 and 2011 (LOPSSI I and II). The Convention on Cybercrime, signed at the Council of Europe on 23 November 2000, was ratified by Law of 19 May 2005, followed by two decrees of 26 may 2006 which make the Convention fully applicable into French Law.

10.7. Intellectual Property Rights and Labeling

Intellectual property covers a wide range of areas and the first step is always to determine which intellectual property right is likely to be applicable to a particular object. Newspaper articles, blog entries, travel guides, instruction manuals and all other types of written works can be protected by copyright. The same goes for, graphics, video games, photographs, videos, television series, websites and geography maps. Logos or designs can be protected by copyright and/or by a trademark and/or by a design right. Mobile phone ringtones, MP3 music files and other digital formats can be protected by copyright and by the so-called "related rights". Fashion creations, applied art creations and design objects may be protected by copyright and/or by design rights whereas the shape of products can be protected by copyright, by a trademark and/or by a design right. Informational databases may be protected by a "sui generis rights for databases" and/or copyright. Computer programs, software parts of websites and mobile apps are protected by copyright but one has also to take into account the specific provisions applying in the area of software protection. As far as software can be considered as a computer-related invention, it can also be protected by patent rights. Medicines, chemical molecules, medicine manufacturing processes and combinations of medicines may be protected by a patent and a supplementary protection certificate (SPC).

10.8. These are the most frequently asked questions:

1. Should I always obtain individuals' consent to process their personal data? In most cases prior consent will be needed to process personal data. However, consent is not required when the processing is required by law (eg. transfer of employees' data to social security authorities). Processing is required for the execution of a contract or of contractual measures (e.g. the processing of payment data during a purchase) or when processing is necessary for achieving a legitimate interest of the data controller which overrides the data subjects (e.g. processing employees' data required to access a restricted area, whenever such processing is justified by the security interests to protect).

2. How should I protect personal data? Security measures should be both physical (access to the servers) and logical (security of information systems). They should be adjusted to the nature of the data processed and the risks posed to privacy by their processing. Guidelines are available on the CNIL's website.

3. Should I notify every personal data processing to the Privacy Commission? Yes. However, some data processing activities are exempted from this obligation such as data processing involved in payroll. Other data processing only requires a simplified notification. The exemptions are subject to strict conditions. It is recommended to first consult the CNIL or its website (www.cnil.fr)

4. I only work in a B2B environment. Is the Data Protection Act applicable to me? Yes, as long as you process data related to natural persons. Data relating to legal persons (e.g. emails such as info@companyname.com) are not subject to law.

5. How long can I keep the data? As long as they appear necessary to fulfill the purpose of the processing for which they have been collected in the first place. This should be defined on a case by case basis. For instance, an employer can keep employees' data for the duration of the work relationship.

6. If I outsource the data processing in a third country, does the data protection law remain applicable? Yes. When outsourcing the data processing to a third party, you are still considered as data controller, i.e. as the entity who defines the means and purpose of the data processing. As such, you remain responsible for ensuring the data processing abides by the provisions of the Data Protection Act.

7. Can I collect data publicly available (e.g. on a website, on a social networking website)? Personal data publicly available falls under the scope of the Data Protection Act. You need a legitimate ground, such as consent to collect and process publicly available data.

8. Can I use cookies? Yes, provided the user is informed before the cookie is stored (of the existence, content and purpose of such cookie) and his consent gathered. Users have the right to oppose at any time to the use of a cookie that has already been installed. These rules, however, do not apply to cookies used as a "shopping cart" on a merchant's website. User session cookies (SessionID) are cookies that allow to record the user's spoken language (for websites that are translated in several languages) or other preferences that are necessary to provide the requested service, and to flash cookies containing elements that are strictly necessary to make a media player work (audio or video) for a content that has been requested by the user.

I provide technical services to third parties for which I have to process personal data. Is the privacy law applicable to me? Yes. The more likely is that you will qualify as data processor, in which case you should define clearly with this third party in a contractual arrangement for what purposes the data should be processed and the security measures you should implement. You, however, would neither have to gather individuals' consent nor notify such data processing activity to the Data Protection Authority.

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